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WORLD NEWS

Yugoslav
authorities
agree to start
negotiations

The Yugoslav authorities agreed at an emergency meeting of the 35-member Conference on Security and Co-operation in Europe to begin negotiations on the future of Yugoslavia. The move may signal a breakthrough in attempts to resolve the country's worst crisis since the Second World War. Page 22; Tales from the frontlines, Page 7

Polish banking scandal
President Lech Walesa
demanded the removal of
Poland's central bank chief
amid the country's biggest
banking scandal. Page 2Loyalist killed by IRA
The IRA shot dead a loyalist political worker as he arrived for work in Londonderry yesterday. The killing came after a night of street violence in Belfast marking the start of the 20th anniversary of Northern Ireland's introduction of internment without trial.Pro-apartheid clash
While pro-apartheid extremists clashed with police before a meeting due to be addressed by South African president F.W. de Klerk, witnesses said. Inkatha cover-up claim, Page 3Two die in RAF crash
Two Britons died and two others were seriously injured when a Royal Air Force Puma helicopter crashed near Carcassonne in southern France.Romania privatisation
A privatisation law, to be promulgated on Monday by Romania's president Ion Iliescu, will leave the way for the sale of the country's state-owned enterprises. Page 2Japan deregulation call
Japan's ruling Liberal Democratic party proposed deregulating stock market commissions in response to the scandals in the securities industry. Page 3; Real economy unscathed by financial turmoil, Page 3PM stands by Baker
The prime minister pledged full support for embattled home secretary Kenneth Baker after repeated calls for his resignation following last month's Brixton prison breakout by two IRA suspects. Page 5Iraq rejects UN oil move
Iraq rejected a draft UN resolution which would let it sell a limited amount of oil to buy food and medical supplies, describing it as inadequate.Irish lottery win frozen
A judge froze payment of almost £500,000 from the record Irish National Lotto jackpot pending a court decision later this year on the ownership of the prize money.Schwarzkopf bows out
General Norman Schwarzkopf, commander of allied forces in the Gulf war, reviewed his troops for the last time in a ceremony marking the end of his 35-year military career.Plan to probe Saturn
Britain is to take part in a joint American-European space probe of Saturn. A spacecraft will be launched by the US space agency NASA in 1995 and arrive in 2004.England all out for 419
At close of play on the second day of the fifth cricket test match at the Oval, the West Indies were 90 for one wicket. England were all out for 419 in the first innings.

BUSINESS SUMMARY

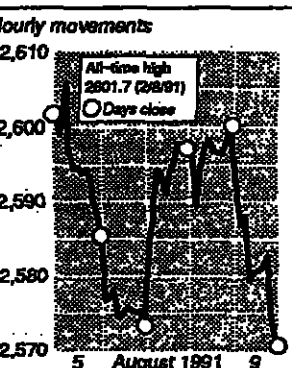
Government
plans on next
BT sell-off
under fire

UK government plans to use eight preferred retailers to issue the second tranche of British Telecom's flotation have been reported to the Office of Fair Trading as a breach of competition.

Following the disclosure of radical plans to privatise part of the government's 47.8 per cent BT shareholding, a specialist share service company yesterday lodged an appeal with the OFT. Page 22

UNILEVER, Anglo-Dutch
consumer products group,
reported a 2 per cent fall in
second-quarter profits to
£468m, leaving the first-half
pre-tax total 1 per cent lower
at £940m. Page 8GENERAL MOTORS, largest
US car manufacturer, said its
core North American vehicle
operations may not return to
profit until 1993 because of the
industry's slow growth in
sales. Page 10GUINNESS, international
spirits and brewing group,
announced the acquisition of
Venezuela's largest spirits
company, privately-owned
Industrias Pampiro, in a deal
estimated at \$45m. Page 8LONDON Equities: Modest
selling pressure as the two-week
trading account came to its
close inflicted a sharp setback.
The FT-SE 100 index closed 30

FT-SE 100 index



points down to 2,570.5 for a loss on the week of 31.1 points; over the two-week account, the index has lost 18.7. London stocks, Page 13; Lex, Page 22

TAURUS, the London Stock
Exchange's long-delayed paper-
less settlement system, faces
further delays. The exchange
said a system development
target date would be missed
by two months. Page 5IBERIA, Spain's state-owned
national airline, is to take over
management control of the
Venezuelan flag carrier, Viasa.
Page 10SHELL UK is considering
pulling out of the "fast fit" tyre
and exhaust replacement business.
Page 8NEIL PARSONS, the Newcastle
upon Tyne manufacturer of
steam-turbine generators,
announced up to 350 job losses.
Page 4INSURANCE: The fire at the
London Underwriting Centre
could reach £100m - one of the
biggest fire losses yet for British
insurers. Page 22PAN AM: Creditors of the ailing
US carrier which filed for
bankruptcy court protection,
met to weigh up the solutions
being proposed for the company's
future. Page 10J SAVILLE Gordon Group,
the Midlands metal merchant,
engineering, property and
securities dealing concern,
reported an annual pre-tax loss
of £2.5m, compared with profits
of £8.5m. Page 8£230m run
on Standard
Chartered in
Hong Kong

By Angus Foster in Hong Kong

STANDARD Chartered Bank's
branches in Hong Kong suffered
a run on deposits yesterday
estimated at more than
HK\$300m (£230m) as rumours
about its soundness circulated
in the wake of the recent
closure of Bank of Credit and
Commerce International.

The bank immediately issued a firm denial, but this failed to quell the anxieties of the notoriously rumour-prone colony. By 9pm, when the bank closed its doors after extending its opening hours to meet the demand for withdrawals, Standard Chartered was estimated to have lost several thousand accounts.

The panic was started by rumours that Standard Chartered had lost its UK banking licence and had had its shares suspended on the London Stock Exchange.

The bank issued a statement saying that the lost licence report was "totally unfounded", and that the rumour about the share suspension was "completely untrue". It said the statement had been issued with the full knowledge of the Bank of England and the London Stock Exchange.

But although hundreds of customers lining up outside branches were handed copies of the statement, most stayed in the queues. By mid-afternoon the line outside the main branch's banking hall stretched for over 250 yards.

"A friend told me the bank had problems so I am taking all my money out," said a middle-aged doctor.

"I saw the queue. I knew there must be trouble," said another man, who had used his portable phone to tell friends what was happening.

Standard Chartered said in London last night that it would

The BCCI shutdownPage 4
US on tasterbooksPage 6

be opening its 114 Hong Kong branches today as normal. The bank has its largest overseas presence in Hong Kong, where it is one of the two note-issuing banks.

The run was the fourth and most serious to hit Hong Kong since the closure of the local arm of BCCI last month. Government officials, frustrated at their failure to calm local nerves, are now accusing parties close to BCCI of systematic rumour mongering.

They admit the panic is harming Hong Kong's image as a financial centre.

Scenes such as this are nothing new in the colony. In the late 1970s a broken-down bus caused a bank run when passengers by mistook the queue of waiting passengers for customers withdrawing money from a nearby bank.

Mr David Nendick, secretary for monetary affairs and a veteran of four banking crises in the 1980s, hopes the charged atmosphere will soon subside. "You can't keep this sort of level of excitement up for long," he said.

Police are investigating yesterday's rumours, as well as earlier reports against Citibank and two small banks with Middle East connections.

After the close of trading yesterday Citibank said that its business had returned to normal after a mini-run on Thursday. "There is increasing evidence this is an orchestrated campaign to destabilise certain banks in Hong Kong," Mr Nendick said.

But the government is failing to silence criticism of its continued on Page 22



Hundreds of investors queue to withdraw funds from the Terminus Road branch of Southdown Building Society in Eastbourne, East Sussex, yesterday, after inaccurate rumours that the society faces difficulties. The scene occurred in spite of Woolwich Building Society's pledge that it would provide Southdown with any funds that might be needed.

Bank refused to supervise BCCI

By Peter Norman, Economics Correspondent

THE Bank of England rejected proposals to incorporate the UK branches and other parts of Bank of Credit and Commerce International as a British bank in the mid-1980s.

Proposals were put forward by BCCI in 1985 and 1986 which would have brought at least the UK part of BCCI and its management under tighter supervisory control by the Bank.

The moves were supported by the Luxembourg Monetary

Institute, which was the supervisory authority for BCCI. Mr Pierre Jaans, head of LMI, had warned fellow supervisors from the early 1980s that Luxembourg was ill-placed to regulate BCCI, which closed last month, or its holding company, BCCI Holdings SA. This was because little of the BCCI group's business was conducted in the Grand Duchy.

By contrast, BCCI had a large operation in the UK

with 43 branches at one time. The Bank of England recognised that BCCI's incorporation in the UK would have given its supervisors significant advantages. They would have been better able to judge whether the branch operations were adequately capitalised and could have put BCCI's UK management under scrutiny.

However, the BCCI proposals were complex. They would have entailed the Bank taking

supervisory responsibility for large parts of BCCI outside the UK, while certain significant parts of the group, such as its Cayman Islands operation, would have been excluded from its scrutiny.

The Bank feared that it would have given the appearance of supervising the group while in practice not being able to do so completely. This was the main reason it rejected the proposals.

Hopes fade for second hostage release

By Michael Littlejohns in New York, Peter Riddell in Washington, Victor Mallet in Jerusalem and Roger Matthews in London

HOPES faded at the UN and in Washington yesterday that a second western hostage would be freed before Mr John McCarthy, the Briton who was released on Thursday, hands a message from the kidnappers to Mr Javier Pérez de Cuéllar, the UN secretary-general.

The two men will meet at RAF Lyneham tomorrow and there is no indication whether Mr Pérez de Cuéllar will make public the demands set out in the letter from Islamic Jihad. These are expected to include the release of more than 350 Lebanese Shia Muslims and Palestinians held by Israel.

Mr Pérez de Cuéllar, who is at the centre of efforts to free the remaining 11 western hostages in Lebanon, will continue diplomatic negotiations in London and later in Geneva.

Speaking to reporters yesterday, he described the kidnapping on Thursday in Beirut of Mr Jerome Leyraud, a French relief official, as "totally counter-productive" to his efforts.

Sheikh Mohammad Hussein Fadlallah, spiritual mentor of the pro-Iranian Hizbollah (Party of God), joined in the condemnation of the latest kidnapping and pledged that all the western hostages would be released when Israel handed over the Lebanese and Palestinians captured from south Lebanon.

Continued on Page 22

Rover to quit US market
after decline in car sales

By Kevin Done, Motor Industry Correspondent

ROVER Group, the UK car maker, is to abandon the American car market in the face of continuing heavy losses and dwindling sales in the US.

Its decision to stop exporting its Rover 800 Sterling range to the US marks the second withdrawal from America by a European car maker this week, after a similar move by Peugeot of France.

The announcement by Rover, which is owned 80 per cent by British Aerospace and 20 per cent by Honda of Japan, is a blow to its prestige and underlines the financial pressures it is suffering in its domestic market in the face of the UK recession. British Aerospace indicated last week that Rover had traded at a loss in the first half of 1991.

Rover had been planning an ambitious re-launch in the US next spring with a revised range of executive cars, which will be launched in the UK in November to replace the existing Rover 800 series.

The needs of the competitive

US market had played an important role in the development of the new 800 range and had significantly influenced Rover's decision to develop a separate cover model to meet US consumer tastes.

Rover's car operations have faced prolonged difficulties in the US since the company re-entered the market in 1987 with its Rover 800 executive car range under the newly-created Sterling brand-name.

It was dogged initially by quality problems and was increasingly burdened by excessive stocks of previous-year models.

It sold 14,171 cars in the US in 1987, but this total dwindled rapidly and had fallen to only 3,317 in 1990. In the first six months this year sales fell to 1,186 from 2,072 in the corresponding period of 1990.

Rover said it had decided to pull out of the market "in light of the prevailing and forecast business conditions".

Its other US subsidiary, Range Rover of North America,

would not be affected by the move and the company planned to continue to develop the Range Rover business in North America, it said.

These are more positive business opportunities.

The company said that it had decided to concentrate its "finite investment and product development resources towards European and other markets where there are more positive business opportunities."

Its withdrawal comes against a background of steep recession in the whole US car market, with the big three domestic car makers - General Motors, Ford and Chrysler - all running up heavy losses. There are signs that a modest recovery in demand could begin in the second half of the year, however.

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MARKETS

| STERLING | DOLLAR | STOCK INDICES |
|-------------------------------------|------------------------------|--|
| New York lunchtime: \$1.555 | New York lunchtime: DM1.7275 | FT-SE 100: 2,570.5 (-30.0) |
| London: \$1.596 (1.6985) | FF4.578 | FT 100: 1,005.5 (-18.5) |
| DM2.530 (2.9275) | Y136.73 | FT-A All-Share: 1,229.72 (-0.1%) |
| FF6.965 (9.965) | DM1.7275 (1.724) | New York lunchtime: DJ Ind. Av. 3,015.43 (+1.57) |
| SF2.0675 (2.5625) | FF4.575 (5.2675) | S&P Comp 388.58 (-0.74) |
| Y282.0 (281.75) | SF1.5135 (1.508) | 23,434.62 (-47.84) |
| £ index 90.8 (90.9) | Y136.8 (136.6) | LONDON MONEY |
| GOLD | £ index 86.2 (86.0) | 3-month interbank: closing 10 1/2 |
| New York: Comex Dec \$384.4 (383.3) | Tokyo close: Y136.30 | Little long gilt future: 93 1/2 |
| US LUNCHTIME | | |
| RATES | | |
| Fed Funds 5 1/2 % | | |
| 3-mo Treasury Bill: yield: 8.471 % | | |
| Long Bond: 9 1/2 % | | |
| yield: 8.215 % | | |

Chief price changes yesterday: Page 22

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INTERNATIONAL NEWS

Four suspended amid allegations of manipulation of Treasury securities purchases

Salomon admits bond market irregularities

By Patrick Harverson in New York

MONTHS of speculation on Wall Street about alleged manipulation of the US government bond markets ended yesterday when Salomon Brothers, the leading securities house, announced it had suspended four employees after uncovering "irregularities and rule violations" in recent bids its bond department had submitted for Treasury securities.

The suspensions follow investigations by the Securities and Exchange Commission, and the US Justice Department into allegations that several times in the past year a Wall Street bond dealer had illegally cornered a large part of the market in newly-issued govern-

ment bonds. The investigations were sparked by complaints in May from dealers and institutional investors that they had been forced to pay excessively high prices because one dealer had acquired a large portion of the new issue.

US Treasury rules forbid any one dealer or investor from acquiring more than 35 per cent of an issue.

Salomon went some way to justifying those complaints yesterday when it revealed that in the December 1990 auction of four-year notes and the February 1991 auction of five-year notes, it exceeded the 35 per cent limit after it bought securities in the names of cus-

tomers, without their authorisation. The securities house also admitted that during last May's auction of two-year Treasury notes, "due to an apparent oversight", it failed to disclose that it had exceeded the limit on the number of securities it could bid for in the pre-auction market. As a result, Salomon says it may have ended up with more than 35 per cent when the May two-year issue was eventually sold.

Salomon said that after an internal investigation it had suspended two managing directors in its Treasury securities trading desk and two other employees involved in bond trading. Salomon refused to

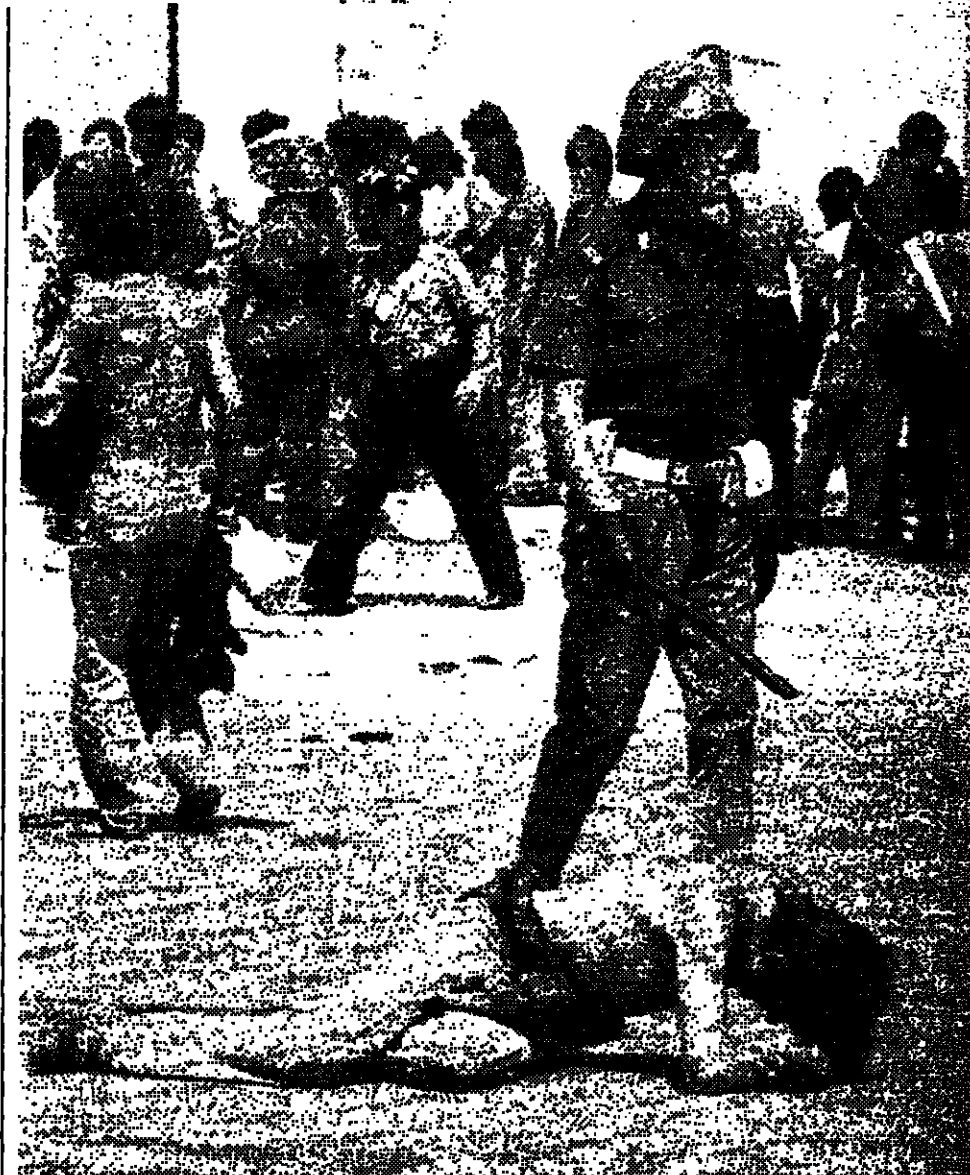
name the four. The company has appointed Mr John Meriwether, vice chairman of Salomon, to assume responsibility for running the government bond department. The decision to give Mr Meriwether, one of the most senior and respected members of Salomon's management, control of the bond department, and the suspension of two managing directors, is an indication of how seriously the alleged manipulation of Treasury bids is being taken by the company.

In the US government bond markets, Salomon is one of the biggest and most influential of the 40 primary dealers allowed to buy Treasury securities

direct from the Federal Reserve Bank of New York. Any discovery that it had manipulated the bidding process would be a serious blow to its reputation.

The controversy may lead to changes in the way Treasury auctions are regulated. When allegations of manipulation were first made in May, Mr Robert Glauber, a Treasury department under-secretary, said that if evidence was found that participants hoarded large amounts of securities, modifications to the rules might have to be considered.

Salomon said it had reported the violations to the regulatory authorities and would co-operate with their investigations.



Albanians try to flee police and army

AN Italian riot policeman (above) makes sure that all the would-be refugees would be returned home, while ships making for Italy with refugees on board would be turned back.

At the stadium groups tried repeatedly to pull down barriers and escape. There were other incidents on the crowded docks, where a further 3,000 Albanians are being kept in daytime temperatures of up to

35 degrees Celsius. One Albanian was reported to have been seriously injured in fighting as escapes from the stadium made for the city, pursued by police and army units which have been drafted in to contain the situation.

There were also reports of violence as hundreds of Albanians, destined for deportation by sea or air, threatened bus drivers unless they stopped and were allowed to leave.

The French banks, which have been seriously injured in fighting as escapes from the stadium made for the city, pursued by police and army units which have been drafted in to contain the situation.

There were also reports of violence as hundreds of Albanians, destined for deportation by sea or air, threatened bus drivers unless they stopped and were allowed to leave.

Lithuania arms fund to bolster frontiers

LITHUANIA announced the creation of an "arms fund" yesterday, collecting weapons, ammunition and explosives to bolster its frontiers following a bloody attack on a border post that killed seven guards, Reuters reports from Moscow.

The announcement, printed in Vilnius newspapers, reflected growing unease in Lithuania over how to proceed toward the independence it declared from the Soviet Union 18 months ago.

President Vytautas Landsbergis and other leading political figures have suggested the republic might have to resort to weapons to achieve its aims.

The fund calls for gathering all legally registered weapons in response to the actions of the "OMON and other repressive structures".

Most Lithuanians hold the elite OMON units of the Soviet Interior Ministry responsible for the July 31 attack on the border post at Medininkai.

Soviet authorities were yesterday locked in negotiations to prevent a strike by air traffic controllers who threatened to close down Soviet air space from today, writes Leyla Boulton in Moscow.

Romanians set stage for ambitious privatisation

By Judy Dempsey

AN AMBITIOUS law on privatisation, to be promulgated on Monday by Romania's President Ion Iliescu, will pave the way for sale of the country's state-owned enterprises.

Passed by both houses of parliament this week, despite months of opposition to the government of Mr Petre Roman, the law gives liberals the green light to press ahead with related economic reforms.

The privatisation law, drawn up with the aid of experts from Coopers and Lybrand, the UK-based accountancy firm, and Shearman and Sterling, the law firm, differs considerably from others adopted in Poland, Hungary and Czechoslovakia where privatisation was more piecemeal.

Except for utilities, the law transfers all state property into commercial companies, which will be held in five Private Ownership Funds or mutual funds.

These will hold 30 per cent of the capital of the commercial enterprises and will be exclusively set aside for Romanians. The remaining 70 per cent will be held in a State Ownership Fund, earmarked for foreign investors.

Officials said yesterday the

scheme, which will take between six months and a year to set up, was designed to privatise one in 10 enterprises each year.

Under the law, 30 per cent of the capital of each commercial company will be transferred free to Romanian citizens through the five Private Ownership Funds.

Each citizen will be given a certificate in each fund to ensure, at least initially, an equitable distribution.

Citizens will be given free a certificate of ownership in each of the funds, explained an adviser to Mr Adrian Severin, minister for privatisation, and one of the scheme's main architects. "The funds will compete with each other, and will contain a mixed bag of good and bad companies, so that no citizen will be at a disadvantage," the adviser added.

The fund shares will be tradeable. "Their value will be established by the market place," explained the adviser. The holders will be free to sell or buy shares in companies of their own choice and in the funds of their own choice. A broker system will be set up to advise and facilitate the exchange of certificates.

"We have put aside 30 per cent of the capital for Romanians because there is no capital/savings in the country. In addition, we had to take into account the opposition, and fears among the population that any privatisation law would mean selling out the country to foreigners," a Romanian official said.

An official insisted any revenue raised through privatisation would not be passed to the state budget, but would be held in escrow, a trust account.

Until the system is functioning, officials said foreign investors would be allowed to buy 100 per cent of commercial companies and repatriate profits in lei, the local currency, and hard currency.

Under a law passed last April, profits in lei of up to 15 per cent of the investor's paid-in contribution to the capital of the commercial company could be repatriated at the official exchange rate (\$1=60 lei) and the remainder at the current auction rate, the equivalent of the black market rate (150-200 lei to the dollar).

An official yesterday said a devaluation of the lei, designed to wipe out the black market, was likely in the near future.

Walesa acts in Polish bank scandal

PRESIDENT Lech Walesa yesterday demanded the removal of the head of Poland's central bank amid the country's biggest banking scandal. Reuters reports from Warsaw.

The official news agency PAP said President Walesa wanted the Sejm (parliament) to order the removal of Mr Grzegorz Wroblewski as president of the National Bank of Poland for "lack of sufficient supervision".

The central bank's number two official, Wojciech Prokop, was one of seven people arrested and accused of large-scale mismanagement of state funds. A senior official said Mr Prokop had been arrested earlier this week.

Mr Prokop was until February first deputy president of Poland's biggest savings bank PKO BP, whose current deputy chief and a junior manager are also under arrest.

"Mr Prokop has been arrested for his activities conducted while he was first deputy president at PKO BP and I hope that the accusation will not go beyond that," National Bank vice-president Stanislaw Topinski said.

The prosecutor's office has been investigating both the National Bank and state-owned PKO BP since June 18 over serious financial irregularities, including corruption and the issuing of unsecured credit guarantees and cheques.

The losses to the state treasury are possibly very high but at the same time they are very difficult to establish because of the complexity of the operation," Mr Topinski said.

The state security office has said the guarantees were mostly awarded to a private Polish concern whose owners are reported to have left the country.

Poland announced a sharp rise in unemployment. The number of jobless rose to 1,749,900 or 9.4 per cent of the workforce in July after a monthly leap of 175,800, the biggest since December 1989.

Spain to miss growth target

By Peter Bruce in Madrid

THE SPANISH economy grew just 2.4 per cent in the first half of this year, according to a gloomy report by the Bank of Spain which independent economists agree will bury any hopes the government has of reaching its 3.5 per cent growth target for the year.

The bank, in its half yearly report, also warns that public sector spending is spinning out of control, that there are no signs of capital investment picking up in the rest of the year and that wage growth is unlikely to slow much from last year's 8.5 per cent.

The report is particularly critical of the government's inability to hold down its own spending, which it says is dragging the fight against inflation.

Public spending, the report says, totalled Ptas74bn

(£4.75bn) in the first six months, some Ptas70bn more than was budgeted for the whole year.

The report does not refer to measures promised recently by the government to cut spending for the rest of the year after its failure to persuade union leaders to agree to a productivity pact. However it castigates local governments - and by implication, the socialist government which controls most of them - for heavy spending just ahead of last May's local elections.

The bank also reminds the government that it has become caught in what one Western economist called a "double whammy": having cut interest rates and yields on public bonds, buyers are deserting primary auctions and forcing the treasury to borrow from

the bank. By the end of June, the balance outstanding at the bank was approaching Ptas400bn. The Treasury has to end the year with a zero balance at the bank, which means it must raise again in order to attract buyers back.

On the other hand, analysts are also suggesting the government might be forced to signal a further reduction in official interest rates to convince the markets that it at least believes spending cuts for the year can bite into inflation.

July inflation figures due out on Monday are expected to be anywhere between 0.7 per cent and 1.3 per cent. At the lower end, that would bring the consumer price index just off its current 6.3 per cent and, possibly, encourage a cut in official rates.

Brussels tries to prop up beef market

By David Gardner in Brussels

THE European Commission is trying to prop up the collapsing EC beef market by offering higher margins to the meat processing industry. The measure aims to put a floor under free-falling prices and limit the amount of surplus coming on to the Community's now lowering beef output into storage.

The move also aims to combat efforts by processors in Ireland to drive down beef prices to the "safety net" threshold at which the EC is obliged automatically to buy all beef output into storage.

The safety net was lowered to 72 per cent of officially set prices in June to discourage stockpiling and save on the EC farm budget. But it is already in operation in Germany,

where stockpiling is only limited by lack of storage space. Until the lower threshold was introduced, eight out of 10 cattle slaughtered in Ireland went straight into intervention stocks - which have now spilled offshore into refrigerated ships. In France prices this month have fallen about 15 per cent and a variety of non-tariff barriers to imports have been erected.

The measure the Commission announced yesterday offers processors a 3.5 per cent increase in their official intervention price in regions where actual prices are over the 72 per cent safety net threshold, against a 2.5 per cent margin in areas where prices are below the threshold.

Mr Ray MacSharry, the Irish EC agriculture commissioner, had earlier tried to cut the amount processors get from the EC's price system, and the Commission beat back the Irish industry's cartel response by refusing tenders which came in at the same price.

But Brussels has been forced to increase processors' margins by the rising stockpile and falling prices. The beef mountain had 55,000 tonnes added to it yesterday, to reach some 900,000 tonnes, close to its 1987 peak. This in spite of forecasts of record exports of over 100,000 tonnes, at dumping prices. A recent sale to Brazil, for instance, was at less than one quarter of the official EC price.

The size of the stockpile and the margin of dumping have created such an overhang on an already depressed market, that prices cannot recover until it is removed, and the cost to the EC budget is ballooning.

Though the cost of EC farm support is set to rise a record 30 per cent to \$40bn this year, the cost of subsidising beef is expected to double to more than \$5bn.

EC beef output now exceeds 1987 levels at about 8.5m tonnes a year, but consumption has fallen to about 7m tonnes, mainly because of the bovine spongiform encephalopathy (BSE) or "mad cow" scare and changes in eating habits.

Fed may ease policy after US wholesale price drop

By Michael Prowse in Washington

US WHOLESALE prices dropped for the second month running in July, giving the Federal Reserve - the central bank - greater scope to ease monetary policy to stave off a resurgence of inflation.

The Labor Department said the producer price index for finished goods fell 0.2 per cent last month. The year-on-year increase was 2.9 per cent, compared with 4.9 per cent at the beginning of the year.

Wholesale prices have fallen in five of the last seven months. The weakness partly reflects sharp drops in food and energy prices, which tend to be volatile. But the closely watched "core" producer price index - which excludes food and energy - rose only 0.2 per cent last month after a zero increase in June.

This suggests the recession has prompted a more broadly based retreat of inflation. Core producer prices rose 3.3 per cent in the year to July.

The apparent decline in inflationary pressures is encouraging news for the Fed, which this week responded to signs of faltering growth by signalling the first easing of monetary policy since late April. It cut the federal funds rate a quarter point to 5.5 per cent, the lowest level in more than a decade.

Mr Alan Greenspan, the Fed chairman, recently told Congress the inflation outlook was improving and predicted a decline in retail price inflation to about 3.5 per cent compared with an underlying rate of about 5 per cent before the recession began.

Stasi charge topples MP

By Michael Prowse in Washington

MR Gerd Brunner, deputy premier of the state of Saxony-Anhalt, has become the latest east German politician to resign over links with the former Stasi state security service.

Mr Brunner, a member of the liberal Free Democratic party (FDP), was confronted with Stasi files showing he was an "informal collaborator" since student days in the early 1950s. Denying the Stasi ties, however, Mr Brunner said he was resigning to preserve the state government's "authority". Six members of the legislature in Saxony-Anhalt remain under investigation as suspected Stasi informers.

Since the overthrow of the communists in autumn 1989, east German political life has been poisoned by charges that many of the leading new politicians had Stasi ties.

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Like a good breakfast, the Financial Times is a good start to the early part of your business day.

Our national and international coverage of business, economic and political news gives you the kind of comprehensive briefing you need to do business in Europe.

Throughout the week you'll also find regular features of special relevance to your particular area of business.

Take Monday. As well as the Architecture and Shipping features, Monday is Diary day, when we take a look at what the business, parliamentary and financial week has in store.

The first of the FT's Law Reports is on Tuesday, together with a feature on Small Businesses, and the daily Management and Technology pages.

On Wednesday, you'll find top management positions on offer, both financial and non-financial.

In Thursday's FT, we focus on, among other things, Marketing and Advertising and on Friday, it's the turn of Industrial and Commercial Property.

There's a great deal more than you may think in the pink pages. Pick up a copy of Monday's FT and find out.

No FT... no comment.

البيان المالي

FINANCIAL TIMES

Banks back on Nigeria debt package

By William Keeling

NIGERIA'S international creditors have agreed to sign a new agreement with the government to reschedule the country's \$5.5bn (£2.5bn) of foreign debt.

The agreement, which cleared the path for a \$500m loan, was signed by the creditors on Monday.

Bankers report that the London City and Country Bank, which provides the terms of the agreement, has agreed to carry out a \$500m loan, with the proceeds to be used for the country's foreign debt.

The French banks, which have been seriously injured in fighting as escapes from the stadium made for the city, pursued by police and army units which have been drafted in to contain the situation.

There were also reports of violence as hundreds of Albanians, destined for deportation by sea or air, threatened bus drivers unless they stopped and were allowed to leave.

Other significant highlights include the commercial banks and the UK which will be able to see the book on its books.

Reformer takes over as PM in Vietnam

A LEADING advocate of reform in Vietnam has been elected prime minister by the National Assembly yesterday.

Mr Vo Van Kiet, who led the French-backed government as a communist, succeeds the incumbent Mr Duong Quang Kien.

The new prime minister is a former candidate, state commission chairman, and a former member of the Politburo.

The national assembly, a 100-member body, met for a three-day session today.

Rocky Francis Ghisla

THE FIGHTING between Moroccan and Polisario forces in the desert has been reported to have reached a stalemate.

The Polisario, a separatist group, has been fighting the Moroccan army in the desert since 1975.

The fighting is part of a long-running conflict over the Western Sahara, a territory claimed by both Morocco and the Polisario.

The Polisario is a Marxist-Leninist group, while Morocco is a monarchy.

The fighting has been reported to have reached a stalemate, with both sides claiming to have made gains.

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Banks hold back on Nigerian debt pact

By William Keeling

NIGERIA'S international bank creditors have stalled on an agreement signed in principle with the government last March to restructure the country's \$5.2bn (\$3.4bn) of commercial bank debt.

The agreement would have cleared the path for Nigeria to buy back up to 60 per cent of the debt, which is currently trading at about 44 cents in the dollar.

Bankers report, however, that the London Club of commercial banks is divided over the section of the agreement which provides for banks to exchange the remainder of their debt for 30-year bonds carrying an interest rate of 6 1/2 per cent, with the principal to be covered by US Treasury bonds or their equivalent.

French banks have rejected the proposal by the government that bonds issued by the Resolution Funding Corporation (Reforco), the US government agency created to bail out the savings and loan industry, be used as collateral.

Reforco paper is rated the highest triple-A credit rating and many banks within the London Club regard it as an acceptable option to US Treasury bonds.

The French banks are represented on the London Club steering committee by Banque Nationale de Paris, Cédit Lyonnais and Société Générale. These have argued that under French banking regulations Reforco paper would require French banks to make a greater provision for bad debt than other members of the London Club.

Even without the deal in place, bankers speculate that the government may have been secretly purchasing bank debt on the secondary market. Such action would be contrary to agreements with its international creditors under which the government is barred from buying back its debt through third parties.

Traders dealing in Third World debt report that large-scale purchases over the past two years have resulted in one nominee company in the US holding at least 25 per cent of Nigeria's commercial bank debt.

Other significant holders of Nigeria's commercial bank debt include the Bank for Credit and Commerce International in the UK which held up to \$300m on its books before its closure.

Reformer takes over as PM in Vietnam

A LEADING advocate of capitalist-style reforms was elected prime minister of Vietnam by the national assembly in Hanoi yesterday, agencies report.

Mr Vo Van Kiet, 69, who fought the French and Americans as a communist guerrilla, succeeded the more conservative Le Dai Mo, who submitted his resignation earlier in the day. The only other known candidate, state planning commission chairman Phan Van Khai, withdrew after being nominated.

The national assembly was due to elect cabinet members at its closing session today.

King Hassan has been approaching a watershed in his battle to convince the world that the former Spanish colony is part of Morocco.

According to a plan drawn up by Mr Javier Perez de Cuellar, the UN secretary general, and endorsed last May by the Security Council, a referendum will be held to decide the fate of the territory, roughly the size of England, which has been ruled by Morocco since November 1976.

A ceasefire will be proclaimed on September 6. The United Nations Mission for Referendum in Western Sahara (MINURSO) comprising about 2,000 military and civilian personnel was due to arrive before then but there were fears at the UN that this week's fighting might delay their deployment.

If all goes to plan, it marks the end of a bitter 16-year conflict which has pitted Morocco against the Polisario Liberation Front and Algeria over the status of the territory.

All three parties have agreed since 1981 on the need for a referendum to settle the conflict and military operations have all but ceased since the mid-1980s. In May 1988, the Algerian President, Mr Chadli

Bentjedid, re-established diplomatic ties with Morocco which the latter had broken 12 years earlier after Polisario leaders proclaimed the Saharan Arab Democratic Republic (SADR). The first summit of North African leaders followed in June and by August, Mr Perez de Cuellar attempted to break the deadlock with a compromise calling for a ceasefire and recognition of the citizens of the Western Sahara, including those living in refugee camps in south-western Algeria.

The parties to the conflict - especially, it seems, Polisario and Algeria have made concessions. And although King Hassan never misses an opportunity to say that the result could only "ratify" what most Moroccans strongly feel is theirs, he has accepted a UN-mediated referendum and would find it difficult to retreat from his position. While 70 countries, albeit most of them African, have recognised the SADR, none have accepted Morocco's claim that it is part of a former more extended Moroccan kingdom. A vote in favour of independence could pose a serious threat to Morocco's domestic political stability because, despite its great cost, King Hassan owes a good measure of the political unity now prevailing in his country to his popular Saharan policy.

Spain handed over the territory to Morocco and Mauritania after reaching a secret

agreement with the two African countries in Madrid in November 1975. The population was not consulted and a UN mission earlier that year found no support for union with Morocco. The International Court of Justice, which King Hassan approached, recognised that links of religious allegiance had existed between certain Saharan tribes and the Moroccan monarchs but concluded that such links did not amount to sovereignty.

Contrary to Polisario's initial wishes, only half the estimated 130,000 Moroccan troops in the Western Sahara will be withdrawn in the run-up to the referendum. The remainder will be confined to barracks. Most of the existing Moroccan administration will remain.

The most challenging task for the UN secretary general's

Ruling party proposes deregulation in attempt to clean up stock market

Japan's scandal-hit traders may lose fixed commissions

By Stefan Wagstyl in Tokyo

JAPAN'S ruling Liberal Democratic Party yesterday proposed deregulating stock market commissions in response to the scandals in the securities industry.

MPs said deregulation of commissions on large-lot trading would help prevent a repetition of the scandals which involve brokers paying compensation to favoured clients. Deregulation would force brokers to compete on commission rates instead of competing with offers of other inducements such as compensation for trading losses.

The LDP's plan, in an interim report on the scandal, is unlikely to lead to immediate deregulation. Lawmakers would have to work through the ministry of finance which opposes deregulation. Securities companies would also lobby fiercely against liberalisation. Deregulation in New York and London has sparked tough competition and cut margins.

Nevertheless, Japanese and foreign brokers in Tokyo may be unable to avoid further reductions in fixed-rate commissions. Mr Ryutaro Hashimoto, the finance minister, told parliament yesterday that he might support a further cut in rates.

The LDP report also recommended tightening the regulation of securities markets, including improvements in self-regulation by industry organisations. The report did not refer to the controversial question of establishing a Japanese version of the American Securities and Exchange Commission.

The idea is opposed by the ministry, which favours setting up its own supervision unit.

Meanwhile, securities companies yesterday disclosed that the bulk of the compensation to clients was carried out by trading securities at artificial prices.

Seven brokers - including the Big Four of Nomura Securities, Daiwa Securities, Nikko Securities and Yamaiichi Securities - used securities transactions to transfer ¥160.3bn in

compensation out of a total of ¥172bn, according to the Japan Securities Dealers Association.

The brokers mostly used the markets in Japanese government bonds and equity warrants. The deals looked like normal transactions because the prices were reasonably close to the market place - the compensation transfers were achieved by trading very large volumes. Finance ministry officials have explained that the government bond market was suitable because there is a spread of 4 per cent between the selling and buying prices. So, brokers could compensate clients

by selling them bonds at prices near the bottom of the spread and buying them back near the top. Warrants were suitable because they are not traded on an exchange but over-the-counter where spreads are also quite wide.

The use of these transactions explains why some companies listed by brokers as having received compensation insist that they did not. No cash changed hands. Brokers also compensated clients by selling unlisted bonds and newly-issued convertible bonds at low prices and then buying them at higher prices.

The economy is likely to keep expanding, albeit at a slower pace than recently, despite last year's plunge in stock prices and the weakness in land prices, says the Economic Planning Agency.

The economy is next month expected to break the record for the longest post-war period of sustained growth - set during the so-called "bubble" boom in the 1980s.

The white paper is more optimistic than some private sector economists, who believe the effects of financial turmoil and high interest rates could halt expansion.

The report says the Japanese economy is growing much faster than other industrialised states - it expanded 5.7 per cent in the year to March, against 2.5 per cent for all industrialised countries.

It says a recent slowdown in growth will not lead to any sudden deceleration. A cut in the official discount rate last month will restore confidence in investment, particularly by small companies, which have suffered because of high interest rates.

The EPA says the fall in stock prices cut consumption modestly by reducing people's wealth - the "wealth effect". But the fall in land prices had little effect and could boost the economy by promoting investment in housing since homes will be more affordable.

The Gulf crisis had negligible effect on growth, although it did boost prices through raising the cost of oil.

The paper, "Conditions for long-run expansion and Japan's international role", says Japan and other industrialised countries, particularly the US, need to boost savings to alleviate capital shortages in some parts of the world. Japan also needs to maintain its overseas aid programme.

Real economy unscathed by financial turmoil

By Stefan Wagstyl in Tokyo

THE Japanese economy has suffered very little from the turmoil in the financial and property markets, according to a government white paper published yesterday.

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Ryutaro Hashimoto: backs cut in fixed rates of commission

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SA army 'trained Inkatha fighters'

By Patti Waldmeir in Johannesburg

THE government of President F W de Klerk covered up evidence of collusion between the South African security forces and the mainly Zulu Inkatha party, a newspaper claimed yesterday.

Mr de Klerk's government was plunged into crisis last month when it was revealed that Pretoria had secretly funded Inkatha, the main rival of the African National Congress.

There have been numerous unproven allegations - that the security forces also helped Inkatha carry out attacks in black townships, or provoke fighting between the two black groups.

Yesterday's allegations, in the newspaper which broke the original funding story, the Johannesburg Weekly Mail, involved attacks on anti-apartheid activists, said to have been carried out by Inkatha members trained by the South African Defence Force.

The allegations appear to contradict assurances from Mr de Klerk last week that 150 Inkatha members had been trained by the SADF in 1986 only as bodyguards for the KwaZulu government.

The paper alleges that Inkatha recruits were trained in guerrilla warfare and that graduates of the course were used for assassinations.

In at least one instance, a member of the cabinet of Chief Mangosuthu Buthelezi, chief minister of the KwaZulu black homeland and Inkatha leader, was said to have ordered the killings. The minister, Mr Samuel Jamba, was recently convicted of another murder.

The paper said its story was based on sworn statements from dissident Inkatha members trained in Namibia by the SADF.

The SADF has confirmed that training of Inkatha members for VIP protection was carried out at a camp in Namibia. The paper said it could not name its sources or publish other details, as the individuals involved feared for their lives.

ANC guerrillas held their first conference inside South Africa for 30 years yesterday with a call from Nelson Mandela not to drop their guard. Reuter reports from Johannesburg.

"Though we have suspended armed activity...we dare not relax our vigilance and we dare not permit Umkhonto we Sizwe (the ANC armed wing) to disintegrate or wither away," the ANC president said.

"We are called upon...to assist the masses in devising the appropriate response to state-sponsored and vigilante violence."

Kaunda elected

President Kenneth Kaunda was unanimously re-elected for 30 years yesterday with a call from Nelson Mandela not to drop their guard. Reuter reports from Johannesburg.

The 67-year-old Kaunda, in power since Zambia's independence from Britain in 1964, said he would announce an election date after dissolving parliament next week.

Rocky road to peace for Western Sahara

Francis Ghiles assesses the prospects for a solution to the 16-year conflict

THE FIGHTING that broke out this week between Morocco and guerrillas of the Polisario Liberation Front underlines how fragile is the road to peace in the Western Sahara.

King Hassan has been approaching a watershed in his battle to convince the world that the former Spanish colony is part of Morocco.

According to a plan drawn up by Mr Javier Perez de Cuellar, the UN secretary general, and endorsed last May by the Security Council, a referendum will be held to decide the fate of the territory, roughly the size of England, which has been ruled by Morocco since November 1976.

A ceasefire will be proclaimed on September 6. The United Nations Mission for Referendum in Western Sahara (MINURSO) comprising about 2,000 military and civilian personnel was due to arrive before then but there were fears at the UN that this week's fighting might delay their deployment.

If all goes to plan, it marks the end of a bitter 16-year conflict which has pitted Morocco against the Polisario Liberation Front and Algeria over the status of the territory.

All three parties have agreed since 1981 on the need for a referendum to settle the conflict and military operations have all but ceased since the mid-1980s. In May 1988, the Algerian President, Mr Chadli

Bentjedid, re-established diplomatic ties with Morocco which the latter had broken 12 years earlier after Polisario leaders proclaimed the Saharan Arab Democratic Republic (SADR). The first summit of North African leaders followed in June and by August, Mr Perez de Cuellar attempted to break the deadlock with a compromise calling for a ceasefire and recognition of the citizens of the Western Sahara, including those living in refugee camps in south-western Algeria.

The parties to the conflict - especially, it seems, Polisario and Algeria have made concessions. And although King Hassan never misses an opportunity to say that the result could only "ratify" what most Moroccans strongly feel is theirs, he has accepted a UN-mediated referendum and would find it difficult to retreat from his position. While 70 countries, albeit most of them African, have recognised the SADR, none have accepted Morocco's claim that it is part of a former more extended Moroccan kingdom. A vote in favour of independence could pose a serious threat to Morocco's domestic political stability because, despite its great cost, King Hassan owes a good measure of the political unity now prevailing in his country to his popular Saharan policy.

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agreement with the two African countries in Madrid in November 1975. The population was not consulted and a UN mission earlier that year found no support for union with Morocco. The International Court of Justice, which King Hassan approached, recognised that links of religious allegiance had existed between certain Saharan tribes and the Moroccan monarchs but concluded that such links did not amount to sovereignty.

Contrary to Polisario's initial wishes, only half the estimated 130,000 Moroccan troops in the Western Sahara will be withdrawn in the run-up to the referendum. The remainder will be confined to barracks. Most of the existing Moroccan administration will remain.

The most challenging task for the UN secretary general's

special envoy, Mr Johannes Manz, is to decide who is eligible to vote. To the 74,000 names included in the census conducted by the former colonial power in 1974 must be subtracted those who have died and added those who have reached the age of 21. Others who now live in Morocco, Algeria and Mauritania and who can prove their Saharan origin - a group which includes the Polisario leader, Mr Mohamed Abdelaziz, who was born in Marrakech and whose father still lives there, will be included. Last month, Morocco submitted 120,000 names of people it feels should be entitled to vote, and this could delay the referendum.

Spanish officials believe the margin of error in the original census figure is no more than 10 per cent because the then Franco regime was pressing the idea of an independent Western Saharan state and thus had a vested interest in getting as accurate a figure as possible. The Spanish official in charge of the census, Colonel Emilio Cuevas, is acting as an adviser to Mr Johannes Manz.

Meanwhile Spain has handed over to the UN all documents relating to that census and others such as identity cards which includes photographs and fingerprints. The battle over who is entitled to vote promises to be severe.

Algerian leaders for their part - the population never shared the late President

THE BCCI SHUTDOWN

PRICE WATERHOUSE REPORT

Allegations based on mistrust of one man

By Richard Tomkins in Abu Dhabi

ALLEGATIONS that the Abu Dhabi government concealed knowledge of fraud within the failed Bank of Credit and Commerce International (BCCI) appear to have rested largely upon the Bank of England's mistrust of a single Abu Dhabi government official.

He is Mr Ghanem Faris al-Mazroui, head of the Department of Personal Affairs of Sheikh Zayed bin Sultan al-Nahyan, the ruler of Abu Dhabi.

The naming of Mr al-Mazroui raises questions about the

Bank of England's claims that the majority shareholders in BCCI - Abu Dhabi's ruling family and government agencies - were implicated in a cover-up of the fraud.

Mr al-Mazroui is Abu Dhabi's sole representative on the board of BCCI and may have come by knowledge of the fraud in this way.

No firm evidence has yet been presented to show that he used his knowledge to help other members of the Abu Dhabi government or to the

bank's majority shareholders. The allegation that BCCI's majority shareholders knew of the fraud was contained in the report submitted by accountants Price Waterhouse to the Bank of England on June 22 this year. It was that report which provided the Bank with the ammunition to close BCCI down. Up until now, copies of the report have been available only with the identity of individuals blanked out.

However, the Financial Times has now seen an un-

purgated version showing that Mr al-Mazroui is the only individual named as having knowledge of the fraud. It says: "The extent to which the majority shareholders, and in particular its board representative HE G.F. Mazroui, was aware of the matters discussed in this report cannot be established. However, we have been informed that HE G.F. Mazroui and the government were briefed fully on all the problems in April 1990, notwithstanding that they allowed the

1989 accounts to be finalised in discussions with ourselves and the regulators without disclosing this information."

Elsewhere in the unexpurgated version, Mr al-Mazroui is named as the senior Abu Dhabi government official alleged to have been implicated in the illicit inflation of BCCI's share base through an agreement which apparently allowed him an indemnity to hold BCCI shares. He is also named as the official who confirmed the existence of a fictitious loan, but

who later allegedly told the auditors that he could not recall signing the confirmation, and "suggested to us that his signature might have been forged."

The Abu Dhabi government has declined to comment on suggestions that it knew of the fraud. Some in Abu Dhabi question whether it would have served Mr al-Mazroui's interests to keep the government informed of the fraud if his own name were implicated in some of BCCI's troubles.

WORLD ROUND-UP

Japanese group cash frozen in Tokyo branch

THE JAPANESE shipbuilding company Ishikawajima-Harima Heavy Industries Co Ltd (IHH), provided about ¥3bn (£12.93m) in loans to its wholly owned financing subsidiary, which has about ¥12.7bn in term deposits now frozen at BCCI's Tokyo branch, IHH said.

The loan was to help the subsidiary, Ishikawajima Factoring Co Ltd, to meet demands for funds from IHH-related companies. Ishikawajima Factoring manages funds collected from such companies.

LONDON: Cargo shipments worth \$50m have been halted because of the closure of BCCI, the UK Institute of Export said.

It said 1,400 documents needed for the release of cargo were being processed by Touche Ross, the provisional liquidator. Without those documents - letters of credit that entitle the holder to a cargo - quaysides are blocked and port warehouses jammed.

BCCI was a main guarantor of cargo transactions in the Middle East, Africa and the Indian subcontinent.

WASHINGTON: Former US president Jimmy Carter has said he associated with the founder of BCCI solely to help the poor and knew nothing about criminal activity.

Mr Agha Hasan Abedi, the founder of BCCI, contributed \$8m to the Carter Presidential Centre's programme against disease and starvation in Africa and Asia. Mr Carter said he was never told that by the time the Carter Centre opened in 1986, US agencies knew Arab guerrilla leader Abu

Nidal was using a BCCI account. BCCI was taking control of First American Bank in Washington and police were documenting the bank's handling of drug money from Latin America.

"He always initiated the humanitarian commitment," Mr Carter said. Brussels: A Luxembourg court will decide on Wednesday whether to release BCCI from controlled administration in the Grand Duchy.

The court is expected to dismiss the bank's appeal against the administration order. BCCI (SA) is registered in Luxembourg and controls the bank's European operations.

CORRECTION

BCCI shareholders

LAST Saturday's issue of the Financial Times reported that a letter sent to the Bank of England by Price Waterhouse asserted that widespread fraud and manipulation at BCCI had been conducted in collusion with representatives of the bank's major shareholders.

In fact, Price Waterhouse's letter said fraud and manipulation had taken place in collusion with "major customers and shareholders".

The majority shareholders, which control 77 per cent of BCCI shares, have asked us to report that they firmly deny any suggestion that they colluded in fraud or manipulation. We are happy to do so.

Bank's diplomatic dilemma over al-Mazroui

By Richard Tomkins

THE BANK of England was not so undiplomatic as to say so out loud, but the implications were clear when, at the end of last week, the June 1991 Price Waterhouse report alleging Abu Dhabi's involvement in a cover-up of the fraud at BCCI was leaked.

If the ruling Sheikh Zayed bin Sultan al-Nahyan and his government could not be trusted to come clean about the fraud within BCCI in April 1990, it implied, how could their intentions be trusted when it came to reconstructing the deeply troubled bank?

A different question is raised by a sighting of the unexpurgated version of the June 1991 report, showing that the name of only one Abu Dhabi official - Mr Ghanem Faris al-Mazroui - appears at several crucial points in the allegations of a cover-up.

Did Price Waterhouse and the Bank of England assume that the Abu Dhabi ruling fam-

ily and government knew of, and concealed, the fraud on the evidence of this one man's alleged knowledge of it?

Mr al-Mazroui's credentials suggest that he is almost synonymous with the ruling family and government. As head of the Department of Personal Affairs, he is not only a senior official, but an investment adviser to the ruling family.

In this tiny sheikhdom with its population of barely 70,000, however, real authority in financial affairs lies with a handful of senior figures who have been prominent since the emirate became independent of Britain 20 years ago. Mr al-Mazroui is not one of those.

He owes his present position to the dismissal of the previous head of the Department of Personal Affairs, Mr Abdullah Darwish, who was disgraced in 1982 when the disappearance of \$100m from the ruling family's funds was traced to unauthorised transactions on

the commodities markets. Mr al-Mazroui, a highly regarded and intelligent man, won favour by sorting out the mess and was rewarded with his predecessor's position. He became Abu Dhabi's representative on the BCCI board, in which the ruling family and government were then minority shareholders.

It was the latter role that brought him into contact with BCCI's founder, Mr Agha Hasan Abedi - a figure then well known in Abu Dhabi circles because of his close relationship with Sheikh Zayed.

Some sources suggest that Mr al-Mazroui acquired a deep respect for Mr Abedi, partly because of Mr Abedi's relationship with Sheikh Zayed and partly because Mr al-Mazroui's growing religious convictions - the strength of which now mark him out from many of his colleagues - attracted him to some of BCCI's purported ideological objectives.

It was Mr al-Mazroui who, in an affidavit to the High Court in London, reported a meeting in Abu Dhabi with Mr Robin Leigh-Pemberton, governor of the Bank of England. The governor, he said, had repeatedly stated that he did not believe

that BCCI's majority shareholders were implicated in the fraud. However, in evidence before MPs in the UK later, Mr Leigh-Pemberton said that the fraud had involved "representatives of the major shareholders".

Surprisingly for such a serious allegation, Price Waterhouse's report does not substantiate the claim that the figures of real authority in Abu Dhabi financial affairs - figures regarded in the emirate as being of unimpeachable integrity - knew of the extent of the fraud in April 1990.

They are Sheikh Zayed and his son, the Crown Prince Sheikh Khalifa bin Zayed al-Nahyan, who do not involve themselves in day-to-day financial matters; Mr Mohammed Habrushi al-Suwaidi, the secretary of state of Abu Dhabi's finance department and the managing director of the Abu Dhabi Investment Authority; and Mr Juan Salem al-Dahiri,

under-secretary at the finance department and a board member of the Abu Dhabi Investment Authority.

It could be said that some or all these figures knew there was fraud within BCCI in April 1990. So did the Bank of England: Price Waterhouse had already used the words "false and deceitful" in a report delivered to BCCI's directors and shareholders, as well as the Bank of England, that same month.

Price Waterhouse's report, however, goes further, saying that the auditors had been informed that the government of Abu Dhabi was "briefed fully" on all the difficulties in April 1990 and withheld information from the auditors.

If that allegation is true, the reputation of the Abu Dhabi government will be smeared and the Bank of England's actions will be vindicated. If it is not, some painful diplomatic grovelling may yet lie ahead.

Regulatory opportunities were missed in UK

Peter Norman reports on failed moves to assume greater supervision over the bank's activities

ONE OF the questions that will have to be addressed by Lord Justice Bingham's inquiry into BCCI is whether the Bank of England could or should have assumed greater responsibility for supervising the operations of the collapsed bank in the UK.

According to supervisory officials familiar with BCCI, the Bank twice in the past decade came close to assuming responsibility for the supervision of BCCI's UK operations and other parts of the group.

The first time was in the mid 1980s, when the Bank considered a number of plans from BCCI for its UK branches and other operations to become a bank incorporated in the UK. That would have made them subject to the Bank's supervisory regime. More recently, the Bank considered a UK-based BCCI under its supervision to handle the BCCI group's European interests. That was frustrated by the discovery of widespread fraud at BCCI and its closure last year.

The failed mid-1980s move for more effective supervision illustrates how difficult it was for international supervisory authorities to agree on common action in the face of a banking structure of unparalleled complexity.

Because the BCCI affair involves concealment and fraud, it is not clear that the establishment of closer supervision at that time would have unearthed a scandal at the bank. Yet it remains possible that the authorities would have had a better chance of discovering irregularities sooner.

In the early 1980s, two supervisory bodies - the Bank of England and the Luxembourg Monetary Institute - became increasingly concerned about the BCCI Luxembourg, which was the bank's legal home and the home of BCCI Holdings SA, the group holding company, argued that it should not be the lead regulator when little of the bank's business was done in the Grand Duchy.

In 1984 and 1985, the LMI began to press the Bank to take greater responsibility for BCCI. From 1985, BCCI itself came forward with various proposals to become a proper bank in the UK and began to talk about relocating BCCI Holdings to London.

Those ideas were considered by the Bank of England. Even so, it was never sure how far BCCI's Cayman Islands operation or Banque de Commerce et de Placements (BCP), its Geneva-based subsidiary, were involved in the proposals.

Towards the end of 1985, BCCI's ideas became rather more concrete. It suggested a three-legged structure for the group with banks incorporated in the UK, the US and the Cayman Islands. At one point, there was a suggestion that the Bank should assume supervisory responsibility for 95 BCCI branches and 15 subsidiaries in 36 countries.

Although those ideas were never developed into fully fledged proposals, they looked promising from the Luxembourg viewpoint. Mr Pierre Jaans, the head of the LMI, had long argued that the economic activities of BCCI should be matched with an appropriate legal structure.

Those hopes were not to be fulfilled, for reasons that still are not fully clear. Leading actors in the discussions are, under the terms of the Banking Act, restrained from comment. It is thought that the Bank refused to take greater responsibility for BCCI for the following reasons:

● None of the plans discussed would have given the Bank an oversight into all BCCI's operations.

● The Bank did not want to assume the obligations of lender of last resort for those operations additional to the branch activities.

● BCCI appeared to be becoming more of an Arab institution, with capital and funding increasingly supplied from United Arab Emirates. For that reason, the Bank was thought to be averse to giving it enhanced status through UK incorporation.

● The Bank felt that it could not count on the co-operation of BCCI in regulating the banking group. One of the daily dilemmas of the bank supervisor is that regulation normally works well only with the co-operation of the regulated.

● The Bank was especially wary of the Cayman Islands operation of BCCI. The BCCI branches in the UK were run from Luxembourg, not Cayman.

● Regulating BCCI might have cost the Bank a great deal. A questionable bank requires far greater regulatory resources than a sound blue-chip institution.

One specific episode may have helped cause the Bank to pull back from allowing BCCI to incorporate in the UK. Late in 1985, the LMI decided to investigate BCCI's loss-making treasury operations. The Bank heard about the investigation from the Luxembourg authorities but not from BCCI itself. It is thought that such lack of candour helped to turn the

Bank against BCCI. Whatever the reason, the failure of the mid-1980s plans to shift supervisory responsibility from Luxembourg to London prompted the authorities to find other solutions. Many international supervisors were concerned about BCCI's structure and lack of clear home base.

In 1987, Mr Jaans proposed that a "college" of regulators should be set up to supervise BCCI.

Regulators from the UK, Luxembourg, the Cayman Islands, Hong Kong, France, Spain, the Netherlands and the UAE formed the college in 1988 with the aim of ensuring that the parts of the BCCI group under their direct control were as safe as they could be. Luxembourg continued - unsuccessfully - to urge that BCCI become a proper bank in the UK to increase the effectiveness of the college.

The college hoped to gain a better insight into BCCI through appointing a single auditor to audit its worldwide operations at the same time. In theory, that would prevent the various BCCI subsidiaries from moving funds around the group in an elaborate form of window dressing. BCCI management supported the supervisory college system. What

the system could not prevent was fraud.

The final move to bring BCCI under tighter supervision came after members of the Abu Dhabi ruling family and institutions became owners of 77 per cent of the group's equity in April 1990. For the first time the group had a clearly identifiable home.

Plans were made for the group to have three bases, all of which would come under clearly defined supervisory authorities. London would be responsible for BCCI's European branch network, which by now had shrunk to 25 branches in the UK and about a dozen on the Continent. Hong Kong would be the centre for its Far East business, and Abu Dhabi would become the home of the worldwide group.

Shortly after Abu Dhabi became BCCI's majority shareholder, the LMI gave BCCI and BCCI Holdings SA a year to shift their headquarters out of the Grand Duchy. Those operations, which would have finally brought part of BCCI under full Bank of England supervision and put an end to a decade and a half of BCCI-induced uncertainty for the Luxembourg authorities, were close to completion when the shutdown took place.



Pierre Jaans: argued for appropriate legal structure

UK NEWS

NEI Parsons cuts 350 jobs after sales drive fails

By Chris Tighe

NEI PARSONS, the Newcastle upon Tyne manufacturer of steam-turbine generators, yesterday announced up to 350 job losses.

The company, the biggest single component of Northern Engineering Industries, part of the Rolls-Royce group, said the cuts, affecting white-collar and production employees, were necessary to strengthen its competitiveness in a difficult international market.

In spite of an intensive sales drive, NEI Parsons has been unable to secure any turbine-generator orders at home or abroad since its £70m contract for the Al-Shebel power station was frozen last August as part of the Iraq trade embargo.

Suspension of that order led to 650 redundancies last year at Parsons, reducing its workforce to 2,500 - half its mid 1980s level.

Yesterday management and unions at the plant, one of north-east England's biggest workplaces, called on the government to match the aid available to Parsons' overseas competitors tendering for export orders.

Mr Richard Maudslay, Parsons' managing director, said the company must be allowed

to compete on equal terms for orders, especially from expanding markets such as India and the Pacific Rim countries.

He said: "We need firm support from government to export to these countries." Mr Nick Brown, Labour MP for Newcastle East, said he would be immediately contacting the prime minister's office.

Government promises of trade aid, made when the Iraqi order was frozen, must be honoured, he said. "Other countries provide it for their manufacturers and the British government should do the same."

NEI hopes up to 100 of the 350 job losses can be averted if at least one of the turbine-generator orders Parsons is currently negotiating is won. The company emphasised that it remained fully committed to Parsons and is going ahead with a £10m investment programme.

It is also increasing development spending on a range of low-cost designs.

Mr Barney McGill, the Parsons union convenor, said the workforce was bitter that after embracing new technology and flexible working it faced yet more redundancies.

MPs warn on effects of Gulf deployment

By Paul Abrahams

OPERATION Granby, the UK deployment to the Gulf, effectively destroyed the operational capability of British forces in Germany, according to a report published yesterday by the Commons defence committee.

British forces were stretched in meeting Gulf commitments, the committee said. It warned that after recently proposed defence cuts the UK would be able to mount similar operations only if Europe was stable, if far fewer troops were left in Germany and if there was an increase in the use of reserve forces.

The Army was so stretched that it had a significant effect on its ability to guard military installations in Europe. All of RAF Germany's support helicopters were committed to Granby, half the Royal Corps of Transport, and half of the army's tanker trucks.

Medical services in Europe were particularly affected by the Gulf deployment. The number of beds available in service hospitals fell by 36 per cent as several hospitals were closed in the UK and Germany.

The committee also gave a warning that the UK would have had difficulties in mount-



On patrol: a Royal Navy Sea King helicopter over Kuwait City after its liberation from Iraqi forces

Alan Harper

ing the deployment of men, women and equipment if it had only the resources of the declining UK merchant fleet. The Ministry of Defence was forced to charter Romanian and Soviet-registered aircraft to assist the deployment.

Undermining of peace-time commitments meant the army was forced to add groups of regular soldiers to bring units

deployed up to strength. In some cases that meant increases of between two thirds and three quarters.

Nevertheless, the operation, which involved 45,000 service personnel, together with 15,000 vehicles and 400,000 tonnes of freight, was "by any standards a remarkable achievement".

The report said studies were under way to examine the

weaknesses of tanks against helicopters, the advantages of low flying to evade air defences, and the vulnerability of ships to mines. It said the UK would also, no doubt, consider the requirement for a limited anti-ballistic defence after President Saddam Hussein's use of Scud ballistic missiles.

The procurement of a number of systems was accelerated

during the preparation for the war. The committee added that it was surprised that the lack of fixation points in the desert had made it necessary to bring forward the acquisition of "north-seeking instruments". These are presumably more commonly known as compasses.

Preliminary Lessons of Operation Granby, HMSO, £17.65.

Scotch whisky exports rise 1%

By Philip Rawstone

EXPORT sales of Scotch whisky increased in value by 1 per cent to £779m in the first half of 1991, although volume dropped by 12 per cent.

The Scotch Whisky Association reported yesterday that brands bottled in Scotland accounted for £688.2m of the total, a 4 per cent growth, which it said reflected a further move away from the cheaper end of the Scotch market in spite of difficult trading conditions.

The decline in export volume - to 96.8m litres of pure alcohol from 111.7m in the first half of 1990 - was largely due to increased stocking by US distributors late last year ahead of an increase in federal excise tax.

During the 12 months to the end of June this year, the value of export sales grew by 10 per cent over the previous year from £1.55bn to £1.72bn. The importance of the European market to the industry was emphasised by a 15 per cent increase in sales to £213.4m during the first half of this year.

Shipments to the rest of the European Community now account for 40 per cent of worldwide sales.

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CORRECTION
BCCI shareholders
LAST Saturday's issue of the Financial Times reported that a letter sent to the Bank of England by Price Waterhouse asserted that widespread fraud and manipulation at BCCI had been conducted in collusion with representatives of the bank's major shareholders. In fact, Price Waterhouse's letter said fraud and manipulation had taken place in collusion with "major customers and shareholders". The majority shareholders, which control 77 per cent of BCCI shares, have asked us to report that they firmly deny any suggestion that they colluded in fraud or manipulation. We are happy to do so.

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UK COMPANY NEWS

Second quarter setback leaves Unilever at £840m

By Guy de Jonquères, Consumer Industries Editor

SECOND QUARTER profits of Unilever, the Anglo-Dutch consumer products group, fell by 2 per cent to £468m leaving the first half total 1 per cent lower at £840m at the pre-tax level.

Sir Michael Angus, chairman, said the full-year performance should, nonetheless, "at least match" 1990's £1.78bn.

But he expected little change in trading conditions, which had often been difficult in the first half.

Though the results were at the top end of market expectations, Unilever's shares fell 12p to close at 755p.

Second quarter turnover of £592bn (£5.78bn) raised the total for the half year to end June to £11.36bn (£11.05bn).

Property profits and a write-back of a special provision contributed almost £40m to last year's first half results. With-

out these items, pre-tax profits in this year's first half and second quarter would have been 2 per cent higher than in 1990, Unilever said.

However, this year's first half also benefited from higher fixed investment income of £41m (£39m) and lower interest charges of £149m (£163m) due to reduced borrowings. In the second quarter, these items were £25m (£16m) and £80m (£87m) respectively.

Business was weakest in North America, where first half operating profits fell to £79m (£84m) on turnover of £2,211bn (£2,193bn). However, Sir Michael said there were signs of improvement towards the end of the period. Operating profits declined more slowly in the second quarter to £69m (£68m) on turnover of £1,180bn (£1,170bn).



Sir Michael Angus: expects full-year profits to be similar to last year's £1.78bn

difficult trading conditions. Food profitability and volumes grew, while detergents increased volume and market share and speciality chemicals proved resilient in the face of weak markets.

In personal products, where Unilever has expanded

strongly by acquisition in the past two years, results were depressed by recession, increased competition and loss of duty free sales during the Gulf crisis.

Earnings-per-share were 15.89p (16.6p) for the second quarter and 28.42p (28.92p) for

the first half. At constant exchange rates, second quarter net profit grew 2 per cent to £208m (£202m). At average exchange rates, it fell 4 per cent to £209m (£213m).

Unilever last suffered a fall in quarterly profits in 1985. See Lex

Guinness continues global spree with Venezuela spirits buy

By Philip Rawstorne

GUINNESS, the international spirits and brewing group, yesterday announced the acquisition of Venezuela's largest spirits company in a deal estimated to be worth £45m.

The purchase which is being done by United Distillers, the Guinness spirits division, raised the drinks group's total spending on acquisitions over the past nine months to more than £240m.

The purchase of the privately-owned Industrias Pamparo, which produces the world's best-selling golden rum, marked another step in Guinness's strategy of complementing its established international brands - such as Johnnie Walker Scotch whisky and Gordon's gin - with those that are strong in their domestic markets.

Guinness's free cash flow in 1990 amounted to £251m and its reported cash deposits at the end of the year totalled £513m.

The acquisition of Industrias Pamparo, which is not expected to dilute 1991 earnings, follows the group's purchase in April of a majority stake in Morris E Curial, a leading Venezuelan drinks distributor.

Venezuela is already one of Guinness's most important world markets for Scotch whisky.

However, rum accounted for more than half the country's spirits sales last year. The Pamparo Especial brand claimed a 30 per cent share of the market's 6.6m cases, and the company's Ron Anjo Especial brand, with more than 10 per cent, led the fast-growing de luxe sector.

Pamparo rum is ranked 32nd in the world's best-selling 100 spirits and was among the 15 fastest-growing brands last year.

Guinness last month increased its share of the US spirits market to 13 per cent by paying \$101m for Glenmore Distillers, the Kentucky bourbon producer.

Towards the end of last year, it acquired 67 per cent of Asbach, Germany's leading brandy producer, for £101m; and it took a 50 per cent stake in Bundaberg rum, Australia's

Write-downs put Saville Gordon into loss

By Clare Pearson

WRITE-DOWNS for its stock portfolio, comprising mainly small UK companies and property-related stocks, was behind a fall in losses by J Saville Gordon Group in the year to the end of April.

The Midlands metal merchant, engineering, property and securities dealing concern, reported a pre-tax loss of £2.3m, compared with profits of £6.5m, after interest charges of £6.49m (£5.82m).

The securities and commodities division suffered a loss of £2.85m (£240,000 profit), taking into account losses incurred

when nearly half the share portfolio was liquidated after the year-end.

Mr Terence Hutchinson, finance director, said the market for second-line stocks had failed to recover this year. So the group had decided the money would be better employed in property investments, as and when opportunities arose.

Despite the loss, the company is proposing to maintain the final dividend at 1.7p for an unchanged 2.2p total.

The second half results marked an improvement on

earlier months and Saville Gordon said it should achieve "satisfactory profitability" in the current year.

Last year's contribution from property investment and development fell to £5.77m (£5.55m). Mr Hutchinson said this was because there were every few opportunities to realise profits on sales.

There was a £2.3m write-down for the value of investment properties. However, most of the properties produce rental income, which Saville Gordon said had continued to grow.

Of the pipeline equipment and stockholding division, the company said demand seemed to have bottomed. It clipped in trading profits of £1.68m (£2.21m) in last year's difficult conditions. "In certain areas there has been slight increase in activity."

Below the line, there was a £320,000 write-off for the cost of shares held in London and Winchester Property Corporation, a US property investment company.

The loss per share was 1.45p, compared with earnings of 4.5p.

Intercare expands via £3.16m Dutch purchase

By Michio Nakamoto

INTERCARE, the medical supplies distributor based in Stockport, is acquiring Montis Medical, which distributes healthcare products mainly in Holland, for an initial consideration of £3.16m.

The UK group is acquiring an initial 75 per cent of Montis through a vendor placing of 3.95m new ordinary shares and the issue of 1.25m shares to raise about £1m net of expenses.

The new shares being issued, which have been conditionally placed with institutional investors, are being offered to qualifying shareholders on the basis of one for every 3.98 ordinary shares held.

option to acquire the remaining 25 per cent for a maximum consideration of £1.3m (£900,000).

Montis, which distributes Intercare health products in Holland among others, is the fourth acquisition for Intercare since it joined the USM in May last year.

In the year to end March Montis posted pre-tax profits of £1.7m on sales of £1.84m.

The vendors have warranted that after-tax profits for the year to March 31 will be not less than £1.94m.

Earlier this summer, Intercare reported interim results for the six months to April 30.

These showed pre-tax profits of £452,000 (£189,000) on turnover of £5.8m (£5.3m).

Earnings per share were 3p (1.5p) and the group declared a maiden interim dividend of 0.5p.

Intercare has a further

Newmarket Venture provides against 20% of UK holdings

By David Lascelles, Banking Editor

NEWMARKET VENTURE Capital, which invests in unquoted companies said yesterday that its investments in UK companies were giving "increasing cause for concern" and that it had completely written off its holdings in three companies, including one which has gone into receivership.

Ms Caroline Vaughan, chief executive, said that while the fund's US investments had proved profitable, general provisions had been made against 20 per cent of holdings in UK companies in the six months ended June 30. General provisions totalled £5m at the December 31 year-end and had increased since then.

The trust also announced a loss of £421,000 pre-tax for the half year to end-June compared with £206,000 12 months earlier. Losses per share were halved to 1.1p. Net asset value fell to 60p from 71p a year ago.

Furthermore, Newmarket has been forced to extend fresh funds to several companies experiencing cashflow difficulties where the recession has led to reduced levels of turnover. "Such investment has only been provided where we are confident that, as the recession eases, there are good prospects for commercial recovery," Newmarket said.

Net asset values have been maintained over the past six months by the success of the trust's US portfolio, aided by the strength of the dollar. Also the fund's holding in British Biotechnology Group has been revalued upward to £3.25m, reflecting a £40m fundraising by the company.

However, continued upward valuations of the US portfolio depend on whether the pace of negotiations continues.

Wills to change borrowing structure

By Clare Pearson

WILLS GROUP, the marketing services and textiles company, said yesterday that it was hoping to agree a restructuring of its borrowings shortly following its final withdrawal from trade finance in Australasia, a business it had been running down for two years.

In addition, it said it was

now putting together proposals for a capital restructuring and injection to restore its capital base.

The company also released results for the six months to end-December 1990. These included a £2.55m extraordinary provision for debts owed to it by the

Stat-Plus grows and challenges leader Oyez

By Michio Nakamoto

Stat-Plus, the second largest law firms publisher and legal stationer in the UK, has acquired Leicester Law Stationers, a distributor of legal stationery in the sector, for an undisclosed sum.

The acquisition leaves just two UK legal stationers operating nationwide - Stat-Plus and Oyez, the sector leader.

It is unlikely, however, that the deal will be referred to the Monopolies and Mergers Commission since competition for the business of legal stationers is not restricted to within the industry but extends to ordinary stationery suppliers as well, Stat-Plus said.

Stat-Plus said that the acquisition was being funded entirely from its cash holdings of £14m.

In the second interim period, interest charges rose to £270,000 (£277,000). Losses were 6.7p per share for full year losses of £6.6p (earnings 3.9p).

Group turnover was £8.37m making £16.6m (£16m) for the 12 months. Wills said despite difficult market conditions CT, the marketing services company, increased sales by 4 per cent.

DIVIDENDS ANNOUNCED

| | Current payment | Date of payment | Corresponding dividend | Total for year | Total last year |
|----------------|-----------------|-----------------|------------------------|----------------|-----------------|
| Ayrshire Metal | nil | | 1.75 | 2.75 | |
| Crown Eyeglass | 3.5 | | 3 | 3.5 | 3 |
| Saville Gdn | 1.7 | Oct 18 | 1.7 | 2.2 | 2.2 |
| West Trust | nil | | 0.25 | 0.25 | 0.5 |
| Wholesale Fit | 13.39 | Oct 25 | 13.39 | 16.82 | 16.82 |

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issues. †On capital increased by rights and/or acquisition issues. \$USM stock.

LONDON RECENT ISSUES

| Issue | Amount | Latest Price | 1991 | Stock | Latest Price | 1991 |
|-------|--------|--------------|------|------------------------|--------------|------|
| 175 | F.P. | 174 | 163 | Charnock Garments Ltd. | 171 | 164 |
| 176 | F.P. | 175 | 164 | Anglo-Warwick Ltd. | 172 | 165 |
| 177 | F.P. | 176 | 165 | De A. Warrick Ltd. | 173 | 166 |
| 178 | F.P. | 177 | 166 | De A. Warrick Ltd. | 174 | 167 |
| 179 | F.P. | 178 | 167 | De A. Warrick Ltd. | 175 | 168 |
| 180 | F.P. | 179 | 168 | De A. Warrick Ltd. | 176 | 169 |
| 181 | F.P. | 180 | 169 | De A. Warrick Ltd. | 177 | 170 |
| 182 | F.P. | 181 | 170 | De A. Warrick Ltd. | 178 | 171 |
| 183 | F.P. | 182 | 171 | De A. Warrick Ltd. | 179 | 172 |
| 184 | F.P. | 183 | 172 | De A. Warrick Ltd. | 180 | 173 |
| 185 | F.P. | 184 | 173 | De A. Warrick Ltd. | 181 | 174 |
| 186 | F.P. | 185 | 174 | De A. Warrick Ltd. | 182 | 175 |
| 187 | F.P. | 186 | 175 | De A. Warrick Ltd. | 183 | 176 |
| 188 | F.P. | 187 | 176 | De A. Warrick Ltd. | 184 | 177 |
| 189 | F.P. | 188 | 177 | De A. Warrick Ltd. | 185 | 178 |
| 190 | F.P. | 189 | 178 | De A. Warrick Ltd. | 186 | 179 |
| 191 | F.P. | 190 | 179 | De A. Warrick Ltd. | 187 | 180 |
| 192 | F.P. | 191 | 180 | De A. Warrick Ltd. | 188 | 181 |
| 193 | F.P. | 192 | 181 | De A. Warrick Ltd. | 189 | 182 |
| 194 | F.P. | 193 | 182 | De A. Warrick Ltd. | 190 | 183 |
| 195 | F.P. | 194 | 183 | De A. Warrick Ltd. | 191 | 184 |
| 196 | F.P. | 195 | 184 | De A. Warrick Ltd. | 192 | 185 |
| 197 | F.P. | 196 | 185 | De A. Warrick Ltd. | 193 | 186 |
| 198 | F.P. | 197 | 186 | De A. Warrick Ltd. | 194 | 187 |
| 199 | F.P. | 198 | 187 | De A. Warrick Ltd. | 195 | 188 |
| 200 | F.P. | 199 | 188 | De A. Warrick Ltd. | 196 | 189 |

FIXED INTEREST STOCKS

| Issue | Amount | Latest Price | 1991 | Stock | Latest Price | 1991 |
|-------|--------|--------------|------|----------------------|--------------|------|
| 10 | F.P. | 10 | 10 | Broadbent & Co. Ltd. | 10 | 10 |
| 11 | F.P. | 11 | 11 | Broadbent & Co. Ltd. | 11 | 11 |
| 12 | F.P. | 12 | 12 | Broadbent & Co. Ltd. | 12 | 12 |
| 13 | F.P. | 13 | 13 | Broadbent & Co. Ltd. | 13 | 13 |
| 14 | F.P. | 14 | 14 | Broadbent & Co. Ltd. | 14 | 14 |
| 15 | F.P. | 15 | 15 | Broadbent & Co. Ltd. | 15 | 15 |
| 16 | F.P. | 16 | 16 | Broadbent & Co. Ltd. | 16 | 16 |
| 17 | F.P. | 17 | 17 | Broadbent & Co. Ltd. | 17 | 17 |
| 18 | F.P. | 18 | 18 | Broadbent & Co. Ltd. | 18 | 18 |
| 19 | F.P. | 19 | 19 | Broadbent & Co. Ltd. | 19 | 19 |
| 20 | F.P. | 20 | 20 | Broadbent & Co. Ltd. | 20 | 20 |

RIGHTS OFFERS

| Issue | Amount | Latest Price | 1991 | Stock | Latest Price | 1991 |
|-------|--------|--------------|------|----------------------|--------------|------|
| 10 | F.P. | 10 | 10 | Broadbent & Co. Ltd. | 10 | 10 |
| 11 | F.P. | 11 | 11 | Broadbent & Co. Ltd. | 11 | 11 |
| 12 | F.P. | 12 | 12 | Broadbent & Co. Ltd. | 12 | 12 |
| 13 | F.P. | 13 | 13 | Broadbent & Co. Ltd. | 13 | 13 |
| 14 | F.P. | 14 | 14 | Broadbent & Co. Ltd. | 14 | 14 |
| 15 | F.P. | 15 | 15 | Broadbent & Co. Ltd. | 15 | 15 |
| 16 | F.P. | 16 | 16 | Broadbent & Co. Ltd. | 16 | 16 |
| 17 | F.P. | 17 | 17 | Broadbent & Co. Ltd. | 17 | 17 |
| 18 | F.P. | 18 | 18 | Broadbent & Co. Ltd. | 18 | 18 |
| 19 | F.P. | 19 | 19 | Broadbent & Co. Ltd. | 19 | 19 |
| 20 | F.P. | 20 | 20 | Broadbent & Co. Ltd. | 20 | 20 |

1. Annual dividend. 2. Dividend based on projected earnings. 3. Dividend based on projected earnings. 4. Dividend based on projected earnings. 5. Dividend based on projected earnings. 6. Dividend based on projected earnings. 7. Dividend based on projected earnings. 8. Dividend based on projected earnings. 9. Dividend based on projected earnings. 10. Dividend based on projected earnings.

TRADITIONAL OPTIONS

| Issue | Amount | Latest Price | 1991 | Stock | Latest Price | 1991 |
|-------|--------|--------------|------|----------------------|--------------|------|
| 10 | F.P. | 10 | 10 | Broadbent & Co. Ltd. | 10 | 10 |
| 11 | F.P. | 11 | 11 | Broadbent & Co. Ltd. | 11 | 11 |
| 12 | F.P. | 12 | 12 | Broadbent & Co. Ltd. | 12 | 12 |
| 13 | F.P. | 13 | 13 | Broadbent & Co. Ltd. | 13 | 13 |
| 14 | F.P. | 14 | 14 | Broadbent & Co. Ltd. | 14 | 14 |
| 15 | F.P. | 15 | 15 | Broadbent & Co. Ltd. | 15 | 15 |
| 16 | F.P. | 16 | 16 | Broadbent & Co. Ltd. | 16 | 16 |
| 17 | F.P. | 17 | 17 | Broadbent & Co. Ltd. | 17 | 17 |
| 18 | F.P. | 18 | 18 | Broadbent & Co. Ltd. | 18 | 18 |
| 19 | F.P. | 19 | 19 | Broadbent & Co. Ltd. | 19 | 19 |
| 20 | F.P. | 20 | 20 | Broadbent & Co. Ltd. | 20 | 20 |

NEWS DIGEST

Wholesale Fittings falls to £4m

A SHARP downturn in the second six months, after a static first half, left profits of Wholesale Fittings, a distributor of electrical goods, £1.88m lower at £4.26m pre-tax for the year to April 26.

The shares reacted with a 27p fall to 365p.

The 31 per cent profits downturn was struck from a static turnover of £53.31m (£53.49m). Earnings fell to 12.7p (13.5p) but with a strong balance sheet and continued low gearing, the directors are recommending a same-gain final dividend of 13.39p for a maintained 16.62p.

Trafalgar House promises disposal

Trafalgar House, the construction, property and shipping group, has promised the government that it will dispose of Expanded Piling, a subsidiary of Davy Corporation which it acquired as part of its £114m takeover of the engineering contractor.

Trafalgar House has agreed to dispose of the large diameter bored piling business of Expanded Piling within 18 months. The DTI said questions of competition arising because a Trafalgar House subsidiary, Commercial Piling and Foundations, was leader in that part of the UK piling market.

Racal Telecom demerger approved

Racal Electronics shareholders have approved the demerger of Racal Telecom, the operator of the Vodafone cellular telephone network.

The demerger will become effective from September 16 when Racal Telecom will also be renamed Vodafone Group. BZW said yesterday that it had traded Racal Electronics shares, post the demerger, at a price around 22p.

Decline at West Trust to £434,000

Reduced pre-tax profits of £458,000 were announced by West Trust, the specialist textile group, for the year to March 31. The previous result was £508,000.

Turnover advanced to £16.4m (£15.3m) with exports 79 per cent ahead.

Earnings per share fell to 0.8p (1.12p) and the final dividend is being passed (0.25p), leaving the total at 0.25p (0.5p).

The company is looking at businesses in the food industry for diversification.

Better second half for Crown Eyeglass

Shares of Crown Eyeglass, the USM-quoted optical company,

Granville falls 33% to £1.08m

GRANVILLE, the privately-owned financial services group, experienced a sharp fall in its latest financial year as the UK recession depressed its business.

In the year ending March 31 the group earned £1.08m pre-tax, down 33 per cent from £1.62m the year before. The post-tax result was £228,399, down 37 per cent from £31m.

Mr Robin Hodgson, chief executive, said conditions in the industry had not been easy, but he regarded the outcome as "reasonably satisfactory".

Racing ends for Classic Thoro'breds

CLASSIC Thoroughbreds, the Republic of Ireland-based bloodstock company run by trainer Mr Vincent O'Brien, is to cease racing after a four-year run.

Mr Michael Smurfit, the paper and packaging millionaire, who with Mr O'Brien and Mr Robert Sangster set up the company, said the directors had decided to abandon a "valuable and exciting experiment" in the face of an unprecedented decline in the value of thoroughbreds over the past three years.

Furnishings side pushes Lincoln House into the red

By Clare Pearson

LINCOLN HOUSE, home furnishings group, yesterday reported a pre-tax loss of £25m for the year to end-March 1990 during which it was hit by the fall into receivership of Lowndes Queensway, the home furnishings retailer.

In 1989, the company made a profit of £564,000.

Turnover for this USM-quoted company fell from £20.5m to £16.4m.

The collapse of Queensway, which had accounted for 30 per cent of the sales of the furnishings division, came as the business was in any case experiencing heavy losses because of product discounting and overstocking.

Queensway's demise meant a loss for Lincoln of £503,000, as well as last turnover. After it happened, the company said its bank facilities were depleted by £1m which put it in an "extremely vulnerable position".

"An awful year," 1990 had seen Lincoln "fighting for survival", Mr David Harland, the chairman, said. Drastic cost-cutting and cash control during the second half had kept the company going.

Banks fail to agree Tranwood restructure

By Peggy Hollinger

TRANWOOD, the USM-quoted financial services group, yesterday said its bankers had failed to reach agreement on a debt-for-equity swap aimed at reviving the company's fortunes. Its shares fell from 14p to 4p on the news.

The group has been in negotiations with a consortium of five banks, led by Bank of Scotland, to restructure its £3m debt. Tranwood had planned to sell its investment portfolio to the consortium in return for eliminating debt, leaving it with the corporate finance arm.

The collapse in the share price could mark the final chapter for the group led by Mr Peter Earl, the young City financier who made a £20m break-up bid for the Shorehouse retailing group in 1987.

Mr Earl, 36, has been determined to push Tranwood into big-time merchant banking. Most recently, the group was likely that if the banks agree a deal next week, Mr Earl will be replaced as chief executive.

However a series of break-up bids for Extel, the financial information service, London & Northern, the construction concern, and Shorehouse came to nothing. It is likely that if the banks agree a deal next week, Mr Earl will be replaced as chief executive.

Tranwood announced pre-tax losses of £15m for 1990 and retained losses of £12.9m, which virtually wiped out shareholders' funds. Heavy provisions for its investment portfolio - which includes a 51 per cent stake in Filofax, the personal organiser company - were largely responsible for pushing the company into the red.

The group passed the final dividend. At the half-year it amounted to £1p - but not before some of the cheques had been posted.

Tranwood's shares have fallen steadily over the past two years. In October 1989, they stood at 53p.

See Lex

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INTERNATIONAL COMPANIES AND FINANCE

General Motors warns of lack of profits until 1993

By Martin Dickson in New York

GENERAL MOTORS, the largest US car manufacturer, warned yesterday that its core North American vehicle operations may not return to profit until 1993 because of the industry's slow growth in sales.

Mr J.T. Battenberg, vice-president, told a conference that it would be extremely difficult for GM's North American operations to be profitable until the US market recovered to a volume of 16m vehicles a year - and that might take two to three years.

GM is forecasting 1992 sales of 13.5m to 14m units, up around 10 per cent from this year as the sector has been

hit hard by the US recession. GM lost \$1.2bn in the first six months of 1991, with heavy losses from its North American vehicle operations more than offsetting profits in Europe and in its non-automotive divisions.

Many analysts expect it, in common with other US motor manufacturers, to report a loss for the full year.

The warning is a reminder that while the worst of the cyclical downturn may be behind the US motor industry, it still faces major difficulties in balancing supply and demand and fighting the Japanese.

The growth in Japanese manufacturing plants in the US has exacerbated the sector's excess manufacturing capacity and put pressure on US companies to close plants.

Analysts estimate GM's plants are running at less than 80 per cent capacity. The company has pledged to operate them at 100 per cent capacity by the end of 1992. That implies substantial plant closures, but Mr Battenberg said this might now take to 1993, depending on the trend of sales.

He said GM's goal was to boost its US car market share to around 40 per cent over the next year or two. It currently stands at about 37 per cent.

Iberia wins control of Venezuela's state airline

By Peter Bruce in Madrid

IBERIA, Spain's state-owned national airline, yesterday won its bid to take over management control of the Venezuelan flag carrier, Viasa, after a consortium led by KLM, the Netherlands airline, pulled out of privatisation bidding at the last moment.

Iberia is to take a 45 per cent stake in Viasa, and its local partner, the Banco Provincial, will buy a further 15 per cent, for a total of 60 per cent.

Bids for the privatisation of Viasa were due to be opened in Caracas yesterday but KLM pulled out saying that it valued 60 per cent of Viasa well below the minimum \$135m stipulated by the Venezuelan government.

Vitro heads Mexico's US drive

VITRO, Mexico's largest industrial business, has again shown why it is called Latin America's first multinational company. The group's latest move is to merge its consumer houseware division with a similar division of the US market leader, Corning, and form a new company.

The deal, worth an estimated \$300m and announced on Tuesday, would put Corning's consumer business into a US subsidiary called Vitro Corning, 51 per cent owned by Corning and 49 per cent by Vitro. At the same time Vitro would transfer its consumer houseware division to a subsidiary called Vitro Corning, 51 per cent owned by Vitro, and 49 per cent by Corning. The two divisions last year had combined sales of \$300m.

Mr Julio Escamela, president of Vitro's housewares product division, said the agreement will boost Vitro's desire to become a global company, able to sell to countries across the world.

Mr Escamela enthused over the fit between the two companies - Corning specialises in cookware, and Vitro more in table-top ware. Further, Corning has proved to be very good at selling glass, Vitro better at molding glass.

"What we are doing," said Mr Escamela, "is combining product lines to strengthen leadership wherever we have it." The two

companies will be able to swap technology and make themselves more competitive, he added.

Where their production overlaps, such as in pyrex, and where marketing is duplicated, they will benefit from economies of scale. Since both are market leaders in their respective countries, they will dominate the North American market.

The transaction comes when Vitro, and other Mexican conglomerates, are preparing for the end to trade barriers between Mexico and the US and Canada by making forays in the US market, either through takeovers or joint ventures.

Damian Fraser looks at Mexico's corporate moves for a slice of the US market in anticipation of a free-trade agreement

Vitro started the trend two years ago with its acquisition of Anchor Glass, the US's second-largest glass container producer. In a deal worth over \$900m (including the value of Anchor Glass's debt), that transaction made Vitro the world's second largest glass container producer, and boosted consolidated sales last year to \$2.8bn - over half from outside Mexico.

Vitro has pursued joint ventures with market leaders in its other divisions. The white-goods division is 49 per cent owned by Whirlpool which sells large fridges to Mexico and from Mexico smaller fridges to the US. In 1990 exports of this division grew sharply - partly due to the benefits from the agreement.

Two weeks ago Vitro also announced an agreement with the US company World Tableware International. As in the Corning venture, WTI issued 49 per cent of its

stock to the Vitrocrisis division of Vitro, to exchange Vitrocrisis sold WTI 49 per cent of Vitrocrisis Cuiaberto, the largest glassware (cutlery) manufacturing plant in Mexico.

Other Mexican companies have not been left behind in the rush to form joint ventures or get involved in takeovers. In 1989, Cementos Mexicanos bought its Mexican rival Tolteca, and plants in the US for \$750m, giving the company 90 per cent of Mexico's cement exports, and a tenth of the cement market in the US market.

While Alfa and Cysa - two other members of Mexico's Monterrey group - appear to be concentrating on the Mexican market, they too are now looking for US partners.

Alfa, a steel to petrochemicals conglomerate, already has joint ventures with Akzo, Amoco, BASF, Dupont and Ford. It is now looking for more US and Canadian partners to distribute its products. It is now distributes their products in Mexico according to a report in the Toronto Star.

Alfa is also looking for a foreign partner to help it buy Ahmsa, the soon-to-be privatised steel company, though apparently without much success.

Elkem in the red at halfway

By Karen Fossli in Oslo

ELKEM, the troubled Norwegian light metals producer, plunged into a loss, before extraordinary items, of Nkr15m (\$3m) at the half-year mark compared with a profit of Nkr35m in the previous corresponding period.

In February, Elkem announced a harsh austerity plan in which it closed two plants, cut 800 jobs and passed its dividend after falling into a Nkr500m loss for 1990.

Mr Fredrik Vogt, Elkem's president, yesterday said the company was on track in its cost-cutting programme and that the consolidation phase which it had entered was being experienced by the world light metals industry.

"I am concentrated on solidifying this consolidation phase," he stressed.

But Mr Vogt also said the company's financial position was not strong enough to undertake a new tax loss, which would lead to a fast turnaround.

"Elkem is preoccupied with

restructuring, as is the industry," he explained.

For the second quarter Elkem posted a Nkr29m loss compared with a Nkr35m profit in the same period a year earlier. However, the loss was Nkr11m less than that of the first quarter, although in the first quarter last year the company achieved a Nkr29m profit.

Group half-year operating income declined by 10 per cent, or by Nkr424m, to Nkr389m. Half-year operating losses hit Nkr44m against a profit of Nkr157m last year.

For the individual divisions, ferro alloys posted an operating income of Nkr1,589m, 17 per cent down on last year.

Elkem explained that a slowdown in activity in the US and European steel industries didn't help its situation and that Western steel production had declined by 1.7 per cent.

The ferro alloy division posted a half-year pre-tax loss of Nkr159m. Elkem was also suffering from stiff competition

from the Soviet Union, East Europe and China and was losing market share in the European Community.

Operating income for the materials division remained virtually unchanged at Nkr1,060m but the division experienced pre-tax losses of Nkr55m versus losses of Nkr10m. Elkem blamed the problem on an imbalance in the world silicon market and weak demand in Norway and Europe for carbon.

The aluminium division experienced an operating income of Nkr650m, on a par with that last year. On the bright side, despite weak LME prices, aluminium achieved a pre-tax profit of Nkr101m at the half-year mark compared with a Nkr52m loss last year.

Elkem said it would reduce smelting activity in the third quarter.

For its other businesses, operating income rose to Nkr230m from Nkr194m while pre-tax profits increased by Nkr29m to Nkr39m.

Alcoa restructuring expected

By Barbara Durr in Chicago

SHARES of the Aluminum Company of America (Alcoa), the world's largest aluminium maker, rose slightly yesterday morning in anticipation of a reorganisation of the company.

Against a modest downward move by the market overall, Alcoa shares rose 8.5 cents to \$68.75 in mid-morning trading.

The market was expecting an announcement by Alcoa chairman, Mr Paul O'Neill, who had called together top

executives to a meeting in Pittsburgh, the company's home base.

Mr O'Neill, who is considered something of an industry maverick, was believed to be set to restructure the company into smaller, more autonomous units. The aim appeared to be to reduce company bureaucracy and bring management into closer touch with customers.

The three major operating

divisions of the company, metals and chemicals, packaging, and industrial goods, are to remain intact, though sales of some secondary units could be in the offing.

Alcoa, like other aluminium companies, has been suffering from a two-year slide in prices. But it has spent \$1.2bn modernising its plants since 1983 which some believe has helped it to perform solidly despite poor prices.

Brierley raises stake in Air New Zealand

By Terry Hall in Wellington

BRIERLEY Investments is to increase its stake in Air New Zealand from 38 per cent to 37.5 per cent by buying 10.5m rights in the current cash issue from American Airlines, and then exercising them.

The move confirms speculation that American Airlines, which took a 7.5 per cent shareholding in the airline when it was privatised, did not intend to acquire further shares.

American Airlines refused to state its intentions in the issue when it opened a fortnight ago, leading to suggestions that it might not be a long-term holder.

This contrasted with statements from the other major shareholders, BIL and Qantas, with 30 per cent, which announced that they would be long-term holders, and Japan Air Lines which had also indicated its support for Air New Zealand.

BIL did not disclose the price paid to American Airlines for the rights.

On the New Zealand Stock Exchange yesterday the rights rose NZ\$0.03 to NZ\$0.30 and the head shares traded up 2 cents at NZ\$1.35.

Internatio/Hagemeyer link off

By Ronald van de Krol in Rotterdam

A LONG-AWAITED report commissioned by Internatio-Müller, the Dutch trading, transport and engineering group, has vindicated the company's opposition to a merger with Hagemeyer, the Netherlands' biggest trading house.

The idea of a merger was floated in May by the director of Hong Kong, which owned a majority stake in Hagemeyer and which had quietly built up a 43.2 per cent stake in Internatio earlier this year. Internatio, which rejected the merger proposal from the start, agreed at the time to ask ABN Amro, the Dutch bank, to investigate whether it would

be in the company's interests to link up with Hagemeyer.

Responding to the report, Mr Andrew Land, chairman of Hagemeyer, said yesterday it was a "pity" that the two companies would not be merging but he wished Internatio well in its continuing restructuring efforts. New of the report's conclusions caused Internatio's shares to

that it would remain a long-term shareholder if the merger did not go ahead.

Mr Mas Thomassen, chairman of Internatio, said his company, which posted heavy losses in 1990, was conducting "constructive" talks with First Pacific on its future role in the company. This may include a First Pacific receiving one of two seats on Internatio's eight-man supervisory board.

In the meantime, however, Internatio had no intention of withdrawing its hasty issue of preference shares in May, which was designed to foil any unfriendly takeover bid by the Hong Kong company.

Air Canada's losses slow

By Robert Gibbins in Montreal

AIR CANADA's losses slowed in the second quarter but international and domestic travel is still lagging because of the Gulf war aftermath, the long recession and higher domestic taxes.

Air Canada, privatised in 1989, warns that even with a stronger third quarter, it will still show a "significant loss" for 1991.

The second-quarter loss was C\$30m (\$26m) or 41 cents a share, against a loss of C\$100m in the first quarter and a profit of C\$15m or 36 cents a share earlier.

Operating revenues were \$9.08m, down 7.5 per cent. The first-half loss of \$130m or \$1.76 a share, compares with profit of \$6m or 8 cents a year earlier. Operating revenues were \$1.77bn against \$1.9bn.

Pan Am bid tensions mount

By Nikki Tait in New York

CREDITORS of Pan Am, the ailing US carrier which filed for bankruptcy court protection in January, were meeting yesterday to weigh up the various solutions being proposed for the company's future.

The question of how Pan Am proceeds from here will come a head on Monday, when a bankruptcy court considers the alternative offers which have been put forward.

Judge Blackshear, who is handling the Pan Am bankruptcy, had originally asked for formal proposals to be filed by 5pm on Thursday night, but subsequently said that he would not preclude an offer

made at Monday's hearing.

Parties known to be seriously interested in Pan Am include Delta Air Lines, which initially agreed to buy the carrier's remaining European business and the East Coast shuttle operation for \$300m. The price-tag on the deal, which has been agreed with Pan Am's management, was subsequently raised to \$300m.

The Delta deal would leave Pan Am to operate its Latin American/Caribbean routes from its Miami hub, and Delta has suggested that it might be willing to take an equity stake in the ongoing Pan Am operation.

On Thursday night, United Airlines also re-entered the fray, offering to acquire the Latin American division, including the Miami-Europe routes. The consideration would be \$200m in cash plus a special "United security", providing "a direct revenue participation" in the division. It also offered six "floor bids" totaling \$200m for other assets.

Meanwhile, Trans World Airlines - in conjunction with American Airlines - has mooted a rival proposal along similar lines to that of Delta, while Northwest Airlines has expressed interest in the Detroit routes.

WORLD COMMODITIES PRICES

| WEEKLY PRICE CHANGES | Latest prices | Change on week ago | Year ago | High 1991 | Low 1991 |
|------------------------|---------------|--------------------|-----------|-----------|-----------|
| Gold per troy oz. | \$358.35 | +1.8 | \$391.25 | \$392.25 | \$353.55 |
| Silver per troy oz. | \$24.40 | +0.5 | \$24.40 | \$24.40 | \$23.50 |
| Aluminum 50 lbs (cash) | \$127.15 | +0.5 | \$127.15 | \$127.15 | \$127.15 |
| Copper Grade A (cash) | \$132.4 | -1 | \$132.4 | \$132.4 | \$132.4 |
| Lead (cash) | \$230.25 | -2 | \$230.25 | \$230.25 | \$230.25 |
| Nickel (cash) | \$53.00 | -30 | \$53.00 | \$53.00 | \$53.00 |
| Zinc SHG (cash) | \$103.5 | -15 | \$103.5 | \$103.5 | \$103.5 |
| Tin (cash) | \$569.0 | -15 | \$569.0 | \$569.0 | \$569.0 |
| Cocoa Futures (Dec) | \$1,397.0 | +25 | \$1,397.0 | \$1,397.0 | \$1,397.0 |
| Coffee Futures (Nov) | \$253.0 | -39 | \$253.0 | \$253.0 | \$253.0 |
| Wheat (LDP Raw) | \$213.50 | -0.45 | \$213.50 | \$213.50 | \$213.50 |
| Barley Futures (Nov) | \$213.50 | -0.45 | \$213.50 | \$213.50 | \$213.50 |
| Sugar (LDP Raw) | \$213.50 | -0.45 | \$213.50 | \$213.50 | \$213.50 |
| Cotton Futures A Index | 74.45c | +0.35 | 74.45c | 74.45c | 74.45c |
| Wool (44 Super) | \$67.0 | +0.5 | \$67.0 | \$67.0 | \$67.0 |
| Oil (Brent) | \$19.525c | +0.5 | \$19.525c | \$19.525c | \$19.525c |

| SPOT MARKETS | Latest | Change |
|----------------------------|--------------|--------|
| Crude oil (per barrel FOB) | + | or - |
| Brent Blend | \$18.50-5.00 | +0.15 |
| Brent Blend (Sep) | \$19.50-5.50 | +0.15 |
| WTI (1st pm sep) | \$21.50-1.00 | +0.15 |

| Oil products | Latest | Change |
|------------------|-------------|--------|
| Premium Gasoline | \$24.24-2.6 | +2 |
| Gas Oil | \$19.75-1.8 | +2 |
| Heavy Fuel Oil | \$18.71 | +3 |
| Naphtha | \$20.20-2 | +3 |

| Other | Latest | Change |
|--------------------------|----------|--------|
| Gold per troy oz. | \$358.35 | +1.10 |
| Silver (per troy oz.) | \$24.40 | -0.55 |
| Platinum (per troy oz.) | \$552.25 | -0.55 |
| Palladium (per troy oz.) | \$94.00 | -2.25 |

| Copper (US Producer) | 10c |
|---------------------------|-------|
| Lead (US Producer) | 90c |
| Tin (Kuala Lumpur market) | 235.5 |
| Zinc (US Prime Western) | 62.0c |

| Cattle live weight | 106.03p | -0.13 |
|--------------------|---------|-------|
| Sheep dead weight | 124.94p | +4.37 |
| Pigs live weight | 61.89p | +0.03 |

| London daily sugar (raw) | \$253.00 | -42 |
|----------------------------|----------|-----|
| London daily sugar (white) | \$253.00 | -42 |
| Ten and Lyle sugar | \$253.00 | -42 |

| Barley (English feed) | £ |
|--------------------------|---------|
| Maize (US No. 3 yellow) | £178.52 |
| Wheat (US Dark Northern) | £101.52 |

| | | |
|--------------------------|----------|--------|
| Cattle (live weight)† | 126.03p | -0.13* |
| Sheep (dead weight)† | 124.94p | +4.37* |
| Pigs (live weight)† | 61.98p | +0.93* |
| London daily sugar (raw) | \$253.0y | -12 |

| GAS OIL - IPE | | | Starting |
|---------------|--------|----------|---------------|
| | Latest | Previous | High/Low |
| Aug | 185.50 | 184.00 | 186.50 183.75 |
| Sep | 186.25 | 185.75 | 187.00 185.00 |

| | | | | | | | |
|----------------------------|----------|-----|-----|--------|--------|--------|--------|
| London Jany sugar (winn) | \$336.04 | -1 | Oct | 187.80 | 188.00 | 188.50 | 187.00 |
| Tate and Lyle export price | £258.0 | -25 | Nov | 189.25 | 189.50 | 189.75 | 189.00 |
| | | | | Dec | 190.00 | 191.00 | 190.50 |
| Barley (English feed) | £- | | Jan | 188.00 | 188.00 | 189.00 | 188.00 |
| Maize (US No. 3 yellow) | £178.52 | | Feb | 183.50 | 184.25 | 183.50 | 183.50 |
| Wheat (US. Dark Northern) | £101.52 | | Mar | 172.00 | 172.00 | 178.00 | 172.00 |

| Spices | Latest | Change |
|---|--------|--------|
| Pepper prices continued to decline throughout the week. | | |
| Pepper prices continued to decline throughout the week. | | |

| Spices | Latest | Change |
|---|--------|--------|
| Pepper prices continued to decline throughout the week. | | |
| Pepper prices continued to decline throughout the week. | | |

| Spices | Latest | Change |
|---|--------|--------|
| Pepper prices continued to decline throughout the week. | | |
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| Spices | Latest | Change |
|---|--------|--------|
| Pepper prices continued to decline throughout the week. | | |
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| Spices | Latest | Change |
|---|--------|--------|
| Pepper prices continued to decline throughout the week. | | |
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| Spices | Latest | Change |
|---|--------|--------|
| Pepper prices continued to decline throughout the week. | | |
| Pepper prices continued to decline throughout the week. | | |

| COCOA - London POX | Close | Previous | High/Low |
|--------------------|-------|----------|----------|
| Dec | 697 | 698 | 698-698 |
| Mar | 731 | 732 | 731-731 |
| May | 731 | 732 | 731-731 |
| Jul | 731 | 732 | 731-731 |
| Sep | 731 | 732 | 731-731 |
| Nov | 731 | 732 | 731-731 |
| Jan | 731 | 732 | 731-731 |
| Mar | 731 | 732 | 731-731 |
| May | 731 | 732 | 731-731 |
| Jul | 731 | 732 | 731-731 |
| Sep | 731 | 732 | 731-731 |
| Nov | 731 | 732 | 731-731 |
| Jan | 731 | 732 | 731-731 |
| Mar | 731 | 732 | 731-731 |
| May | 731 | 732 | 731-731 |
| Jul | 731 | 732 | 731-731 |
| Sep | 731 | 732 | 731-731 |
| Nov | 731 | 732 | 731-731 |
| Jan | 731 | 732 | 731-731 |
| Mar | 731 | 732 | 731-731 |
| May | 731 | 732 | 731-731 |
| Jul | 731 | 732 | 731-731 |
| Sep | 731 | 732 | 731-731 |
| Nov | 731 | 732 | 731-731 |
| Jan | 731 | 732 | 731-731 |
| Mar | 731 | 732 | 731-731 |
| May | 731 | 732 | 731-731 |
| Jul | 731 | 732 | 731-731 |
| Sep | 731 | 732 | 731-731 |
| Nov | 731 | 732 | 731-731 |
| Jan | 731 | 732 | 731-731 |
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| Nov | 731 | 732 | 731-731 |
| Jan | 731 | 732 | 731-731 |
| Mar | 731 | 732 | 731-73 |

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar maintains firmer tone

THE DOLLAR had a firm tone yesterday, touching a peak of DM1.7350 on sustained buying, despite lower than expected US producer prices. The July producer price index was expected to be flat, but fell 0.2 per cent after declining 0.3 per cent in June.

Initial reaction was to sell the dollar on the PPI news, but it remained well above support at DM1.7000, falling no lower than DM1.7000 as traders came to grips with the news.

Caution dominated sentiment however, as the favourable news on wholesale inflation was seen as an encouragement to easier credit policy, if the Federal Reserve decides at the end of the month to raise the discount rate.

Mr Martin Frowd, a House of Commons spokesman, referred to the PPI as "certainly good news of the inflation front. It appears to be low and under control."

In New York the Federal Reserve added \$20bn of temporary reserves to the banking system, via customer repurchase agreements, when Fed funds were trading at 5 1/2 per cent. This tended to confirm the assumed near target level of 5 1/2 per cent previously.

At the London close the dollar had climbed to DM1.7275 from DM1.7240, to Y136.50 from Y136.50, to Sfr1.5135 from Sfr1.5090, and to Pfr5.8750 from Pfr5.8675. On Bank of England figures the dollar's index rose 0.2 to 65.2.

Apart from speculation about further easing by the Fed the market is likely to grow increasingly nervous next week about possible tightening by the German Bundesbank. The Central bank council meets next Thursday and is widely expected to increase the German discount rate from 6 1/2 per cent. There is doubt about any other moves, but dealers spoke of a growing conviction that a Lombard rate rise is coming, if not on Thursday, then at the end of the month.

FINANCIAL FUTURES AND OPTIONS

Table with 3 columns: Instrument, Price, and Change. Includes sections for LIFTED US TREASURY FUTURES, LIFTED US TREASURY OPTIONS, LIFTED EUROPEAN FUTURES, and LIFTED EUROPEAN OPTIONS.

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MONEY MARKET FUNDS

Money Market Trust Funds

Table with 3 columns: Fund Name, Price, and Change. Lists various money market trust funds and their performance.

Money Market Bank Accounts

Table with 3 columns: Bank Name, Account Type, and Interest Rate. Lists various money market bank accounts and their interest rates.

Table with 3 columns: Country, Rate, and Change. Lists various international interest rates.

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LONDON STOCK EXCHANGE Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

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For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 535(2) and Third Market stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

* Bargains at special prices. † Bargains done the previous day.

British Funds, etc.

No. of bargains included 2981

Exchange 10.1.84 - 2005 - £103.7

22.04.84 - 2005 - £103.7

Guaranteed Overseas Finance Corp PLC

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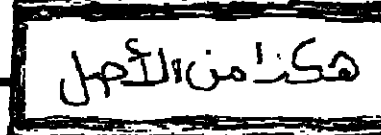
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Profit-taking as the account closes

By Terry Byland, UK Stock Market Editor

MODEST selling pressure as the two-week trading account came to its close proved enough to inject a sharp sell-back into the UK stock market yesterday. London equities ended on a weak note, with shares at the day's lows as Wall Street dipped to within a few points of Dow 3,000 early in its new session.

Yesterday's fall of 30 points on the FT-SE scale effectively wiped out the cautious gain achieved over the last week in equities. It had been clear that the big institutions, while willing to take in selected stocks, were unwilling to push the market above the 2,600 level achieved at the end of the previous week. Prospects for the near-term focus around Thursday's meet-

Account Dealing Dates

| Account Dealing Dates | Aug 22 | Aug 23 | Aug 24 |
|-----------------------|--------|--------|--------|
| Aug 22 | Aug 23 | Aug 24 | Aug 25 |
| Aug 25 | Aug 26 | Aug 27 | Aug 28 |
| Aug 28 | Aug 29 | Aug 30 | Aug 31 |

ing at the Bundesbank, when London will hold its breath for fear of higher interest rates in Germany.

The FT-SE Index closed 30 points down at 2,570.6 for a loss on the week of 51.1 points over the two week account, the index has lost 18.7, but remains comfortably above the FT-SE 2,500 mark now seen as the base for a new trading range extending towards 2,650.

Traders said that trading levels were fairly modest, a view borne out by the day's Seaq-reported volume of 421.4m shares, compared with 504.3m in the previous session. Retail, or customer, business in equities has been brisk this week, and reached 598m on Thursday, according to London Stock Exchange data.

Government bonds traded quietly but closed only a shade down after the announcement of a slight fall in US producer prices in July.

Wall Street's uncertainty left much of London's blue chips with losses. Oil shares shaded lower, still unimpressed by this week's trading results from BP and Shell. In the absence of US support, ICI and Glaxo were left to the mercy of profit-takers in the London market.

Interest rates, RTZ debt is mostly denominated in dollars, while its cash is held in sterling.

Turnover in Hanson rose to 14m as the shares added a penny to 218p as investors switched out of BTR, down 14 at 400p.

Smith & Nephew, which announced a 5 per cent decline in first half profits to £58.3m on Thursday, came under pressure as Strauss Turnbull lowered its full year estimate by £5m to £188m. Strauss analysts were particularly surprised by the level of group destocking in the UK.

Among the oils, Premier Consolidated was 4% off at 39p on hefty turnover of 5.4m shares after SG Warburg cut its estimate of the company's core asset value by 7p a share to 34p.

The majors were affected by concerns that Iraqi oil could be released on to the market. BP fell 6% to 335p and Shell eased 6 to 517p.

Thorn EMI rose 4 to 785 on talk that it may spin off its music business interests. The suggestions followed a report that Sony plans a public offering of around 25 per cent of its music businesses in Japan and the US.

Turnover in Ratners swelled to 14m as Cazenove, an agency broker, was widely believed to have placed 7m shares at 130p with institutions. The shares closed 4 lower at 131p.

Profit-taking weakened Glynwed International 6 to 229p. British Aerospace fell 9 to 564p on announcing that its car subsidiary Rover was to cease exporting its 800 series cars to the US due to the country's weak economic conditions. The stock remained on SG Warburg's buy list and the broker said yesterday: "There is a major recovery potential in Rover and we are attracted by the substantial asset backing."

GLX continued to be powered by comforting interim results on Wednesday when the profit fall was less than feared. The shares hardened 6 to 268p.

Ayrshire Metal gave up 5 to 76p after reporting a slump in interim profits from £288,000 to £41,000 and no dividend.

Optimism about UK August car sales continued to benefit Lex Service. The shares added 4 to 207p.

Pearson remained firm, closing unchanged at 763p ahead of Monday's interim results. SG Warburg favours the stock and Ms Lorna Tibbani, at Warburg, said: "We are buyers because of the quality of the

Unilever falls on results

Unilever dipped yesterday as the food and personal products multinational unveiled second quarter results at the lower end of market forecasts.

The shares closed 12 lower at 75p following the announcement that second quarter profits had fallen to £68m, down £11m on the same period last year and compared with expectations of between £45m and £49m.

Unilever came under further pressure after analysts with slightly more optimistic full year forecasts trimmed their numbers. Estimates are now bunched around £1.83bn against profit in 1990 of £1.78bn.

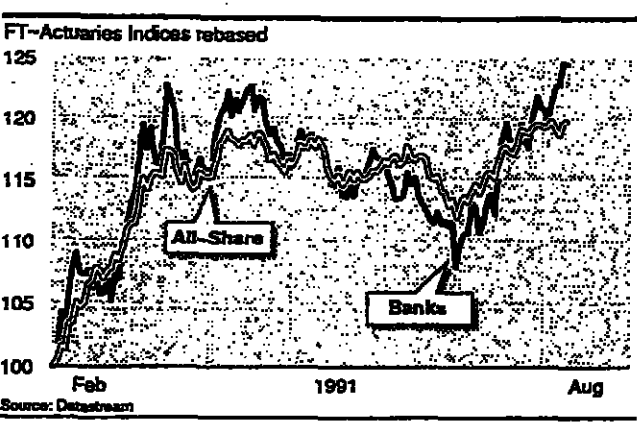
Mr David Igo of Henderson Crosthwaite said the results were a little better than expected for the analysts with more conservative estimates. But he added that Unilever's profits growth was not as strong as the strength of its recovery in the North American and European economies.

Standard upset Shares in Standard Chartered fell sharply during early trading as the bank that was facing problems in Hong Kong were there had been a had run on cash at some branches. There was also speculation that Standard had problems with its UK licence and he shares had been delisted by the London stock exchange.

The shares fell 23 to 345p. Standard issued a statement yesterday refuting both rumours and the Bank of England confirmed that the statement was made with its agreement. The shares recovered to close a net 8 down at 343p on turnover of 3m.

Banking analyst Chris Webster of Lehman Brothers said it was understandable that Hong Kong depositors should be jittery given their exposure to the problems of BCCI but the problem was purely local.

Nervousness from Hong Kong was only one element in the shares' fall. Lehman analysts had taken a bearish stance following Standard's announcement on Wednesday of a drop in interim profits. The investment house argued that the Standard's figures indicated a "less than convincing recovery". Also, the shares go ex a 7p dividend on Monday and there was a certain



UK bank stocks, often considered early indicators of change in the economic cycle, have, as the chart shows, broken away from the FT-All Share Index since the beginning of this month. They had been held back by expectations of poor interim results which, in the event, proved better than feared. The market was also relieved that the results did not bring rights issues in their wake. The banks are now one of the strongest sectors in the market but hopes that this may herald an end to recession are probably premature. Many analysts feel the sector will drift back after the interim dividends are paid.

amount of profit-taking yesterday prompted by the end of the trading account in the equity market.

Most of the banks were weak as investors took profits at the close of the trading account and ahead of the release of dividends.

Of the four banks to go up on Monday NatWest lost 10 to 334p, Midland eased 4 to 236p, Barclays lost 6 to 455p and Abbey National slipped 4 to 299p. Profit-taking continued in Lloyd's and the shares fell 11 to 365p.

NEW HIGHS AND LOWS FOR 1991

NEW HIGHS (p)

| Company | Price | Company | Price |
|----------------------------|-------|----------------------------|-------|
| British Airways | 1,000 | British Telecom | 1,000 |
| British Petroleum | 1,000 | British Telecommunications | 1,000 |
| British Steel | 1,000 | British Telecommunications | 1,000 |
| British Telecommunications | 1,000 | British Telecommunications | 1,000 |
| British Telecommunications | 1,000 | British Telecommunications | 1,000 |

RISES AND FALLS YESTERDAY

| Category | Rises | Falls | Same | Rises | Falls | Same |
|----------------------|-------|-------|-------|-------|-------|-------|
| British Funds | 35 | 29 | 19 | 239 | 100 | 69 |
| Dom. & Foreign Bonds | 6 | 0 | 14 | 19 | 12 | 69 |
| Equities | 173 | 329 | 1,005 | 1,043 | 1,412 | 5,084 |
| Financial and Props. | 17 | 12 | 25 | 49 | 10 | 252 |
| Government | 15 | 24 | 49 | 64 | 122 | 252 |
| Industrial | 0 | 2 | 8 | 10 | 9 | 41 |
| Utilities | 45 | 29 | 85 | 15 | 167 | 451 |
| Others | 68 | 39 | 56 | 211 | 161 | 314 |
| Totals | 417 | 600 | 1,750 | 2,189 | 2,863 | 8,810 |

COMMODITIES

WEEK IN THE MARKETS

London metals prices becalmed

BASE METALS markets were becalmed this week as fundamental, technical, and currency factors tended to cancel each other out.

With exchange warehouse stocks of aluminium at a record and of the other metals at long-time highs there is understandably little interest in trying to push prices higher, but neither does there seem to be much more of what traders term "downside potential", given that prices are already discounting an decidedly gloomy economic outlook.

Aluminium prices were lifted briefly from eight-week lows by Tuesday morning's news that LME stocks, which had been expected to show a substantial rise, had actually fallen by 635 tonnes.

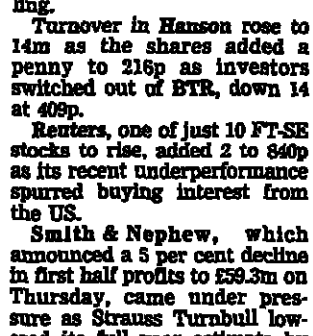
The cash price gained \$23.50 over the next two days after the three months position's breach for the \$1,300 barrier triggered stop-loss buying by operators who had sold short in anticipation of a continuing downturn. But the rally quickly ran out of steam and by Thursday traders were preparing themselves for a further heavy influx of Soviet material into the warehouse, following news of the Soviet BAS brand.

This time they were right.

Yesterday's stocks report showed that the exchange's aluminium reserves had grown by 20,225 tonnes 544,545 tonnes, taking the rise from the beginning of this year to more than 280,000 tonnes and from this time last year to 390,000 tonnes. That was enough to send the cash price down to \$1,271 a tonne, up just \$3 on the week.

The underlying tone on the copper market was neutral, in spite of the continuing strike at Chile's El Teniente, the world's second biggest copper mine. But the sterling-denominated price was given the appearance of life by currency fluctuations. Sterling strength against the dollar trimmed the cash price by \$22 to \$1,303 a cash price in mid week, but the tone in mid week, but the tone subsequently weakened as most of the fall in the copper price was regained. At yesterday's close the cash position was quoted at \$1,324 a tonne, down \$1 on the week, after being trimmed very slightly in response to a 13,200-tonne rise

FT-All-Share Index



Equity Shares Traded

Turnover by volume (million)

Index: 100 = 1,000,000

brands and the strength of the balance sheet."

Turnover in hotel group Queens Most Houses rose to 4.5m as the shares hardened 1 1/2 to 80 1/2p ahead of next week's figures. Favourable press comment lifted US-listed Border TV 4 to 54 1/2p.

MARKET REPORTERS: Peter John, Joel Kibazo, Jim McCallum.

Other market statistics, including the FT-Actuaries Share Indices and London Traded Options, Page 9.

BENCHMARK GOVERNMENT BONDS

| Country | Rate | Price | Yield | Week | Month |
|-------------|--------|---------|--------|-------|-------|
| Australia | 12.000 | 110.000 | +0.010 | 10.88 | 10.85 |
| Belgium | 10.000 | 100.000 | +0.050 | 8.40 | 8.47 |
| Canada | 9.750 | 120.000 | +0.050 | 8.25 | 8.00 |
| Denmark | 8.000 | 110.000 | +0.050 | 8.25 | 8.41 |
| France | 8.000 | 100.000 | +0.070 | 8.25 | 8.25 |
| Germany | 8.000 | 100.000 | +0.050 | 8.25 | 8.25 |
| Italy | 12.500 | 100.000 | +0.140 | 13.48 | 13.43 |
| Japan | 10.000 | 100.000 | +0.050 | 8.25 | 8.25 |
| Netherlands | 8.000 | 100.000 | +0.050 | 8.25 | 8.25 |
| Spain | 11.000 | 100.000 | +0.050 | 11.01 | 12.11 |
| UK Gilts | 10.000 | 100.000 | +0.050 | 10.88 | 10.88 |
| US Treasury | 8.000 | 100.000 | +0.050 | 8.25 | 8.25 |

London closing, * denotes New York morning session. Prices: US, UK in 32nds, others in decimals. Technical Data/ATL Price Sources

FT-A INDEXES LEADERS AND LAGGARDS

| Category | Leader | Laggard |
|-------------|-----------------|-----------------|
| Equities | British Telecom | British Airways |
| Bonds | UK Gilts | US Treasury |
| Commodities | Aluminium | Copper |

EQUITY FUTURES AND OPTIONS TRADING

THE PREMIUM which the FT-SE futures market commands to the spot index narrowed yesterday as political factors and worries about the Hong Kong banking system came to the fore, writes Jim McCallum.

For the last month, the September FT-SE index has traded at around 35-40 points over the spot FT-SE index as futures dealers anticipated a run-up in shares.

However, there were signs that the bullishness has started to evaporate. The trigger was an early fall in Standard Chartered shares after a run on some of its Hong Kong branches.

An option poll which gave the opposition Labour party a 5 point lead over the Conservatives added to the market's nervousness. The premium narrowed to 24 points at one stage against 33 at the previous close and fair value of 20-22.

The start of a new three-week account on Monday will reduce September's fair value premium to the spot index to around 16 points.

In the options market, Amstrad topped the list of active contracts as a broker executed a trade known as a butterfly. The broker bought 750 December 60 calls, sold 1,500 December 60 calls and purchased 750 December 70 calls.

APPOINTMENTS

director for its midrange systems division. He was regional general manager for Case Communications.

Mr Richard Park, director of programmes, has been promoted to the main board of CAPITAL RADIO.

Mr Mark Birkett has been appointed an assistant director of CAMERON RICHARD AND SMITH INSURANCE SERVICES.

Mr Max Toy, formerly chief executive of AFPO (New Zealand) has been appointed chief executive of NEW ZEALAND HOLDINGS (UK) for an interim period commencing about mid-September.

He succeeds Dr Geoffrey Lorigan who has resigned to take another post, but who will retain a non-executive role.

KPMG MANAGEMENT CONSULTING has appointed Mrs Elizabeth Ransom as a partner in the public sector practice. She joined the firm six years ago from the Cabinet Office.

R.M. DOUGLAS CONSTRUCTION has appointed Mr David Bellamy as southern region business development manager. He was key accounts manager, Conder Structures.

Mr Malcolm Kirby has been appointed manager of NORWICH UNION's general insurance branch in Manchester. He succeeds Mr Graham Miles who has retired.

Mr Jim Jeffery has been appointed a director of ST JAMES ADVERTISING.

Mr Steve Poppo has been appointed director, strategic accounts, at WINTER.

Mr Christopher Pratt has been elected to the main board of FREEMAN GROUP, Cambridge. He will be chairman of Freeman Kershaw, and of Freeman Contracts. He was a director of William Sindall.

Mr Richard Austin (pictured), managing director of the UK-based information management division of BELL & HOWELL in Europe and corporate vice president of Bell & Howell Chicago, has additionally been appointed chairman of Bell & Howell France. He succeeds Mr Jim Donaldson who remains a director of Bell & Howell France.

SMITH FRANKLIN has appointed Mr Theodore Franklin as chairman and Mr Brian Coleman-Smith as managing director. They were directors of Burson-Marsteller.

Corrections

The headline on the item in yesterday's edition describing appointments at NORTHERN ELECTRIC should have read "Northern Electric managing director," not "chairman".

Mr Philip Kelly has been appointed chief executive of RADIOS, not Credit Lyonnais, as reported yesterday. We apologise for these errors.



THE ASSOCIATION OF PROJECT MANAGERS has appointed Admiral Sir Lindsay Bryson (pictured) as president. He retired as controller of the Royal Navy in 1984, and during his career was responsible for major technical projects including the Sea Wolf missile, Stingray torpedo, and Trident programmes.

ORACLE UK, Bracknell, has appointed Mr Mike Harrison as managing director from September 1.

WORLD COMMUNICATIONS INC has appointed Mr David Hardwick as managing director of its UK operation, WorldCom International. He was general manager of customer systems at British Telecom.

MEMOREX TELEX (UK), Wokingham, has appointed Mr Alan Stott as business

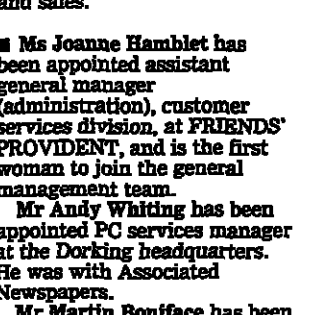


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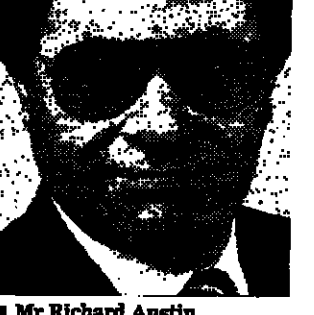


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● Current Unit Trust prices are available on FT Cityline. Calls charged at 45p per minute peak and 34p off peak inc VAT. To obtain your free Unit Trust Code Booklet ring (071) 925-2128.

Continued on next page

● Current Unit Trust prices are available on FT Cityline. Calls charged at 45p per minute plus 21p per week inc VAT. To obtain your free Unit Trust Code Booklet ring (071) 925-2128.

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● Current Unit Trust prices are available on FT Cityline. Calls charged at 45p per minute peak and 34p off peak, inc VAT. To obtain your free Unit Trust Code Booklet ring (071) 925-2128.

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FINANCIAL TIMES WEEKEND AUGUST 10/AUGUST 11 1991

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WORLD STOCK MARKETS

AMERICA

Producer prices figure fails to move equities

Wall Street

SHARE PRICES were little changed in moderate trading yesterday morning, in spite of some good news on inflation which heightened speculation of an imminent interest rate cut, writes Patrick Harverson in New York.

The Dow Jones Industrial Average was up 1.35 at 3,015.31, having spent the first half of the day virtually unchanged from the overnight close. The more broadly based Standard & Poor's 500 was up 0.79 to 388.53 by 1 p.m., while the Nasdaq composite of over-the-counter stocks fell 0.55 to 508.54. Volume was 88m shares by 1 p.m., with declines outweighing gains by 815 to 574.

The good news on inflation was a 0.2 per cent decline in July producer prices. Although core prices - minus the food and energy component - rose 0.2 per cent last month, the figures were in line with market expectations and confirmed that inflationary pressures in the economy have eased considerably since the start of the recession last year.

The inflation data immediately raised hopes that the Federal Reserve would cut the key discount rate from its present level of 5.5 per cent. Sources close to the Fed hinted yesterday that a discount rate cut is in the pipeline. The summer doldrums, however, appear to have taken a firm hold in the stock market, and analysts predict that share prices will remain stuck around current levels until the Fed takes positive action to stimulate the stumbling economy.

Among individual stocks, Alcoa bucked the trend, rising 1/4 to 88 3/4 after the aluminium manufacturer announced that it was planning to reorganise itself into smaller units. Concern about the outlook for car sales in the US weighed on the big three motor stocks. General Motors dropped 1/4 to 38 3/4 on volume of 1.2m shares, Ford eased 1/4 to 34 1/4 on 1.4m shares, and Chrysler, reckoned to be the weakest of

the three, shed 3/4 to 51 1/2. After two days of strong rises, Tenneco ran into early profit-taking. However, the stock's popularity in the wake of the appointment on Wednesday of a new president, who is expected to shake up the company's struggling divisions, was again in evidence, and Tenneco recovered to stand up 3/4 at 54 1/2 on 1.5m shares.

On the over-the-counter market, health-care maintenance stocks fell after Merrill Lynch, the brokerage house, lowered its ratings on several of the sector's stocks, because of increased levels of competition. Worst hit were FHP International, down 3/4 at 29 1/4, United Healthcare, 1/2 lower at 49, and PacificCare Health, off 1/4 at 31 1/4.

Centocor slipped 1/4 to 32 1/4 after a second-quarter loss of 2.95 a share, against a net gain of 1 cent a share a year earlier. The latest figures include a large charge related to the acquisition of a stake in Tocr.

Canada

TORONTO hovered slightly above its session lows at midday, as the market consolidated its gains made earlier this week. The composite index lost 1.8 to 3,502.5, with transactions valued at C\$126.9m. Declining shares outnumbered advances by 220 to 145.

National Trust topped the most active list with 1.4m shares traded. It fell C\$1 1/4 to C\$20 after a block of 1.39m shares was crossed at C\$20 each.

Among active issues, Campbell Soup rose 2 cents to 42 cents, Toronto-Dominion was flat at C\$18 1/4, and Nova Corp rose C\$3/4 to C\$8.

SOUTH AFRICA

JOHANNESBURG was quietly firmer in spite of downward pressure from a stronger financial rand. The all-share index added 10 to 3,490, as the industrial index crept up 22 to 4,107, but the all-gold index ended at 1,285, down 8.

Weak oil and gas sector keeps brake on Toronto

Canada's resource-based economy is making life difficult for equity investors, writes Bernard Simon

CANADA'S stock market has again proved that investors' joy can quickly turn to sorrow in a volatile, resource-based economy. While share prices on the Toronto Stock Exchange kept testing new records, investors 500 miles away in Toronto are nursing some painful bruises. The TSE 300 composite index remains stuck just above 3,500, still well below its August 1987 peak of 4,113. The Toronto index has yet to break through the 3,600 mark this year.

Last Tuesday was a case in point. In contrast to Wall Street's spurt in response to the cut in the Federal funds rate, Toronto was pulled down by the low gold price and continuing fears about the health of the forest products industry.

The gold mines index, at around 5,230, is now 28 per cent below its peak over the past year. Prices in the pulp and forestry sector are down an average of 8.5 per cent from their 52-week high.

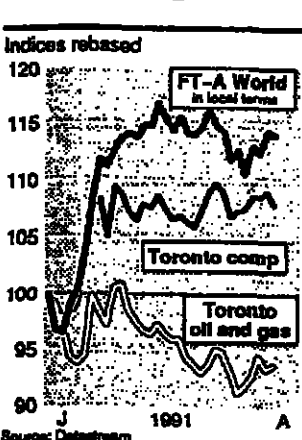
Some of the toughest knocks, however, have been hit especially hard by the squeeze on refining and marketing margins. Canada's relatively small refin-

ing 38.5m Petro-Canada shares in the first tranche of the Calgary-based company's privatization. Since then, Petro-Canada's newly listed shares have slumped to a low of C\$10.88. They were changing hands at C\$11.63 towards the end of this week.

The TSE's oil and gas index has lost a fifth of its value in less than a year. Canada's three integrated oil companies - Imperial Oil, Suncor Energy and Petro-Canada - suffered a combined second-quarter loss of C\$223m. Imperial's C\$63m deficit was the first in the history of the 70 per cent-owned subsidiary of Exxon.

Little has gone right for western Canada's oil and gas sector this year. Oil prices are sloppy. The North American glut of natural gas continues, driving prices down to their lowest levels in eight years. Finally, the buoyant oil and gas market has been hit by a sharp decline in prices from products with prices mostly denominated in US currency.

The big integrated companies have been hit especially hard by the squeeze on refining and marketing margins. Canada's relatively small refin-



Source: Dataquest

eries have higher operating costs than their US counterparts, and their output has been dented by the unexpected deep recession. Profits were further depressed by a price war earlier this year.

Imperial Oil, for many years one of the best performers on the TSE, is now considered by some analysts to be substantially overvalued. Its present share price of C\$1.63 is more than nine times this year's projected cash flow, compared with the average multiple for US integrated oil companies of

five and a half times cash flow. Would-be stags who bought Petro-Canada shares last month in the hope of a quick profit are being told to remember that stock market investing is meant to be a long-term business.

The same advice is given to those who have put their money into other recent oil and gas issues. Enco, whose largest shareholder is the Montreal-based conglomerate, BCE, sold share-and-warrant units a year ago valued at C\$2.10 a common share. Since then, Enco's share price has tumbled to C\$1.07. The debt-warranted company has warned that its 1991 loss is likely to be higher than last year's C\$71m.

There are some bright spots amid the gloom, however. The rush by institutions last month to buy Norsk Hydro's 10 per cent stake in Ranger Oil has highlighted the attractions of companies with sizeable assets outside North America. The bulk of Ranger's business is in the North Sea.

Canadian Occidental Petroleum is in the same category. Canopy, 48 per cent owned by Occidental Petroleum of Los Angeles, derives more than a

fifth of its revenues from the North Sea and also has sizeable interests in the Middle East. The company's shares are currently trading within a whisker of their 52-week high of C\$23.50.

Most analysts are also bullish about a number of aggressive, smaller companies. These producers are prospering by squeezing profits from properties discarded by the giants of the industry.

They have a bunch of very talented young executives using the latest techniques to find small pools of oil and gas," says Mr Peter Carpenter, analyst at McLean McCarthy of Toronto.

Mr Michael Timms, president of Peters & Co, a Calgary-based securities firm, singles out - among others - Lasso Canada, Canadian Natural Resources, Dorset Exploration, Morgan Hydrocarbons and Instancy Resources.

A few brave people have even begun to recommend the integrated companies, on the grounds that the worst is now behind them. Mr Robert Robinson at ScotiaMcLeod, predicts that Petro-Canada will move from record losses this year to

record profits in 1993. Mr Robinson is confident that a turnaround in demand, an end to petrol price wars and tight cost controls will put Petro-Canada into the black as early as the third quarter.

The most volatile movers - either up or down - could be those with a heavy exposure to natural gas, such as BP Canada and North Canadian Oil.

These companies will benefit handsomely if oil prices prove correct that environmental and security-of-supply concerns will make natural gas North America's favourite fuel in the 1990s. Mr Carpenter at McLean McCarthy suggests that BP Canada's production could more than quadruple over the next five years.

All depends on when North America's gas "bubble", which has proved more durable than anyone had predicted, finally bursts. In spite of the forecasts of strongly rising demand, prices are still falling as more gas is brought on stream and more pipelines are built to carry it. The producers are crossing their fingers for a cold winter.

EUROPE

Investors retreat before Thursday's Bundesbank meeting

THERE WAS some interest in individual stocks in connection with company results, but most markets were little changed yesterday. There was a general reluctance to take positions before next week's Bundesbank meeting, writes Frank Furt.

FRANKFURT was led higher at the start by a strong car sector, but share prices eased off through the day. The DAX index rose as high as 1,636.98 before closing 2.0 up at 1,632.11, gaining 1 per cent on the week. The FAZ index, calculated at mid-session, was 0.07 better at 677.37, up 1.1 per cent on the week. Volume fell to DM4.5bn from DM5bn.

Car shares advanced on expectations of a good rise in car sales for July. Wolfsburg, which has seen the figures before their official release, welcomed the year-on-year rise - said to be 78 per cent including east Germany - as confirmation of its bullish stance in Germany. Other analysts said that the strength in the July figures was mainly owing to a last-minute rush to buy cars ahead of the deadline for a catalytic converter subsidy, but Wolfsburg said this factor could not account for the entire rise.

BMW rose to DM529 before closing DM510 or 1.9 per cent up at DM521, and Daimler rose DM124 to DM125.10. Lufthansa jumped DM3.90 to 2.8 per cent to DM141.30, boosted by Thursday's first-quarter figures from KLM. STOCKHOLM was lifted by buying of Astra and SKF shares. Astra accounted for one third of total volume, as its free B shares rose SKr15 to SKr709 on the final day of eligibility for a one-for-three scrip issue. SKF free B shares gained SKr4 to SKr109 after the ball bearings company's forecast of a second-half recovery.

The Aftersvården General index gained 6.00 to 1,096.20, for a fall on the week of 2.3 per cent, as turnover rose to SKr33.5m from SKr33.7m.

OSLO awaited the first-half figures from Saga Petroleum. The all-share index rose 1.78 to 514.21 - ending the week barely changed - in moderate turnover of NKr233m.

Saga's A shares were steady at NKr53.5 while its free shares rose NKr1 to NKr124, before the company announced a profit fall after the house closed.

There was some interest in shipping stocks, with the sector index up 0.79 at 650.91, as Vard A shares gained NKr4.50 or 5.5 per cent to NKr86. AMSTERDAM was disappointed by the interim results from the Anglo-Dutch food company, Unilever. The CBS tendency index fell 0.4 to 92.3, down 1.6 per cent on the week. Unilever eased FI 1.30 to FI 158.50 after reporting second-quarter results at the low

end of market forecasts. News that trading companies Hagemeyer and Internatio-Müller would not merge after all pushed Hagemeyer up 60 cents to FI 22 and Internatio down FI 4.50 to FI 73.

KLM took a rest after Thursday's surge, following its first-quarter results, and eased 30 cents to FI 30.70.

MADRID was discouraged by the Bank of Spain's half-yearly report, suggesting that the economy remained weak and that monetary policy would have to remain tight. The gen-

| FT-SE Eurotrack 100 - Aug 9 | | | | | | | | | |
|-----------------------------|---------|---------|---------|---------|-----------|---------|---------|--|---------|
| Hourly changes | | | | | | | | | |
| Open | 10 am | 11 am | Noon | 1 pm | 2 pm | 3 pm | Close | | |
| 1109.29 | 1110.70 | 1110.86 | 1110.90 | 1110.67 | 1111.94 | 1111.45 | 1110.85 | | |
| Day's High | | | | 1113.92 | Day's Low | | | | 1109.29 |
| Aug 8 | Aug 7 | Aug 6 | Aug 5 | Aug 4 | Aug 3 | Aug 2 | Aug 1 | | |
| 1111.44 | 1113.11 | 1105.49 | 1110.63 | 1116.44 | 1115.45 | 1114.45 | 1113.45 | | |

eral index fell 1.58 to 370.18, little changed on the week. Turnover remained thin, but improved from Thursday's Pts1.1bn to about Pts8bn.

Activity was concentrated in Telefonica, which added Pts2 to Pts976 on volume of 1.07m shares, and Iberdrola, the utility, which eased Pts4 to Pts671, on 922,539 shares during its second day of trading.

MILAN ended lower in thin trading as operators squared positions before the weekend. Options-related selling before the expiry date on Monday also

weighed on share prices. The Comit index fell 2.51 to 566.92, down 2 per cent on the week, in turnover estimated at near Thursday's Pts1bn.

That fell L105 or 1.7 per cent to L1,041, while Generali, officially fixed L230 lower at L31,270, climbed back to L31,400 after hours. Pirelli, the tyre and cable company, was supported by the recent news that Michelin France and Continental of Germany would raise tyre prices. The stock closed L21 higher at L1,991, and rose to L2,000 after hours.

PARIS finished slightly lower after another day of narrow-range trading. The CAC 40 index fell 5.96 to 1,783.54, for a rise of 1 per cent on the week. Turnover was similar to Thursday's modest FFr1.5bn.

Thomson-CSF, the defence electronics group, rose FFr2 or 1.5 per cent to FFr131.50 on volume of 128,600 shares, after its recent weakness.

ASIA PACIFIC

Volume stays below 200m for sixth session

Tokyo

VOLUME stayed below 200m shares for the sixth consecutive trading day yesterday, while prices remained in a narrow range in thin summer trading, writes Neil Weinberg in Tokyo.

The Nikkei average fell 47.84 to 23,434.62, down 2.5 per cent on the week. It hit a high of 23,593.09 and a low of 23,372.74 amid several rounds of index-linked trading in an otherwise trendless market. A total of 170m shares changed hands in 170m shares.

Declines led advances by 704 to 298 with 164 issues unchanged. The Topix index of all first section stocks shed 10.45 to 1,804.81 and the second section 19.62 to 3,016.03, while in London, the ISE/Nikkei 50 index fell 0.95 to 1,369.55.

Prices rose markedly at the opening on an arbitrage-linked buying, after a sharp drop late on Thursday afternoon when August index options expired. However, the market then fell back in light volume.

Although prevailing market sentiment is bearish, Mr Peter Barker, Kiewit's senior international strategist,

pointed out that the yen and bond markets were strong, and Tokyo continued to lag behind gains in the New York and London markets.

Oil, gas and power utility stocks retreated after posting gains earlier in the week. Show Shell Seiki fell Y80 to Y1,740.

Osaka Gas Y5 to Y329 and Tokyo Electric Y50 to Y3,520.

Machine tool makers also suffered selling pressure from a report that June orders declined 18.9 per cent. Fannie fell Y160 to Y4,720 and Mori Seiki lost Y30 to Y4,700. Electronics and high-technology issues continued to decline, with Toshiba off Y12 at Y710 and Pioneer Y100 at Y3,610.

Toyota Motor declined Y30 to Y1,610 on a local press report that its pre-tax profits fell 22 per cent in the year through June.

Small-capital shipbuilders rose after a press report that demand for doubled-hull vessels will keep them operating at full capacity until the year 2000. Namura Shipbuilding rose Y30 to Y1,700.

Banks also rose, with Bank of Tokyo up Y50 at Y1,380 and Fuyo Bank adding Y20 to Y2,600. Nippon Carbon

gained Y14 to Y965 on a favourable margin trading balance.

In Osaka, the OSE average shed 208.46 to 25,616.84. Shimano lost Y120 to 2,070.

Roundup

PACIFIC Rim markets were mostly higher yesterday, but Hong Kong was again unmoved by banking worries. Singapore was closed.

HONG KONG fell as the current state of banking rumours continued, this time culminating in a run on local Standard Chartered branches.

The Hang Seng index dropped 22.55 to 4,020.01 - a fall on the week of 0.9 per cent - but closed above its day's low as bargain-hunters stepped in. Turnover was HK\$1.46bn, down from HK\$1.56bn in the bank sector. HSBC Holdings fell 60 cents to HK\$28.50.

TAIWAN jumped 5.7 per cent, as plastics shares responded to this week's news that Formosa Plastics will go ahead with building a US\$438m petrochemical complex. Formosa Plastics rose T\$3.5 or 6.9 per cent to T\$54.5.

The weighted index gained 276.38 to 5,142.60, for a rise on the week of 2.6 per cent, as turnover grew to T\$38.3bn from T\$20.6m.

AUSTRALIA saw News Corp surge 48 cents or 5.5 per cent to A\$9.24, after support in the US and on news that its UK unit had sold off three magazines for \$10m to the News Corp debt.

The All Ordinaries index rose 4.5 to 1,584.1, little changed on the week. Turnover fell to A\$200m from A\$242m.

KUALA LUMPUR recouped its early losses to end higher, after nine successive days of losses. Cautious bargain-hunting lifted the composite index by 0.55 to 585.43, but it ended the week 5.7 per cent lower.

SEOUL recovered from two days of declines on buying interest in construction and trading issues. The composite stock index rose 7.08 higher at 745.13, up 1.7 per cent on the week. Turnover rose to Won\$44bn from Won\$37bn.

MANILA rebounded from mid-morning lows to end mixed, on continued concern over the future of US bases in the Philippines. The Philippine index declined 11.48 to 975.37, down 3.6 per cent on the week. Turnover fell to 76.5m pesos from 112.6m.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

| THURSDAY AUGUST 8 1991 | | | | | | | | | |
|--|-----------------|----------------|-------------|-----------|----------|----------------------|--------------------|------------------|-----------------|
| Figure in parentheses shows number of lines of stock | US Dollar Index | Day's Change % | Pound Index | Yen Index | DM Index | Local Currency Index | Local % chg on day | Gross Div. Yield | US Dollar Index |
| Australia (89) | 151.23 | -0.2 | 132.01 | 130.49 | 135.55 | 128.30 | -0.2 | 5.01 | 151.58 |
| Austria (29) | 174.74 | -0.7 | 152.53 | 150.78 | 156.63 | 155.67 | -0.8 | 1.11 | 176.06 |
| Belgium (49) | 132.26 | -0.2 | 115.45 | 114.11 | 118.55 | 118.48 | -0.1 | 3.11 | 132.55 |
| Canada (114) | 130.10 | -0.3 | 121.42 | 120.01 | 124.67 | 118.48 | -0.4 | 2.22 | 130.65 |
| Denmark (37) | 100.35 | -0.7 | 87.58 | 86.59 | 89.94 | 87.53 | -0.3 | 2.75 | 101.01 |
| Finland (109) | 132.67 | -0.5 | 115.80 | 114.48 | 118.90 | 122.11 | -0.4 | 3.63 | 133.51 |
| France (105) | 168.84 | -0.4 | 147.98 | 146.88 | 151.34 | 149.26 | -0.4 | 2.21 | 169.25 |
| Germany (65) | 168.84 | -0.7 | 139.92 | 138.38 | 138.54 | 139.92 | -0.4 | 3.58 | 155.70 |
| Italy (71) | 154.96 | -0.1 | 134.06 | 132.45 | 135.45 | 132.45 | -0.4 | 3.24 | 154.96 |
| Ireland (17) | 74.92 | -0.1 | 65.40 | 64.84 | 67.15 | 72.24 | -0.1 | 0.75 | 74.92 |
| Japan (474) | 130.33 | -0.9 | 113.76 | 112.45 | 116.85 | 112.45 | -0.3 | 2.75 | 131.53 |
| Malaysia (58) | 214.65 | -2.4 | 187.35 | 184.66 | 188.28 | 188.28 | -1.8 | 4.31 | 214.65 |
| Mexico (16) | 108.67 | -1.6 | 95.46 | 94.66 | 98.29 | 95.46 | -0.6 | 1.43 | 111.00 |
| Netherlands (91) | 138.60 | -0.1 | 121.86 | 120.45 | 123.13 | 123.13 | -0.6 | 6.57 | 138.60 |
| New Zealand (14) | 47.59 | -0.1 | 41.54 | 41.06 | 42.69 | 43.98 | -0.2 | 1.59 | 47.59 |
| Norway (32) | 202.48 | -1.0 | 176.74 | 174.71 | 181.49 | 181.49 | -0.7 | 2.18 | 202.48 |
| Portugal (3) | 198.13 | -0.2 | 172.95 | 170.98 | 177.69 | 177.69 | -0.5 | 3.12 | 198.13 |
| Singapore (36) | 248.74 | -1.9 | 217.12 | 214.82 | 222.94 | 217.98 | -0.5 | 4.36 | 248.74 |
| South Africa (61) | 151.08 | -0.7 | 131.98 | 130.37 | 135.42 | 122.98 | -0.4 | 2.52 | 151.08 |
| Spain (59) | 188.32 | +0.3 | 164.39 | 162.50 | 168.20 | 174.19 | +0.5 | 2.50 | 188.32 |
| Sweden (29) | 90.71 | -1.0 | 81.80 | 80.85 | 84.01 | 87.67 | -0.2 | 4.76 | 90.71 |
| Switzerland (58) | 176.31 | -0.4 | 151.81 | 150.51 | 158.01 | 153.90 | -0.2 | 3.07 | 176.31 |
| USA (527) | 157.93 | -0.2 | 137.85 | 136.28 | 141.56 | 137.93 | -0.2 | 5.01 | 157.93 |
| Europe (831) | 138.92 | -0.7 | 121.26 | 119.58 | 124.52 | 123.41 | -0.1 | 3.86 | 138.92 |
| Norfolk (110) | 187.56 | -0.3 | 164.06 | 162.18 | 168.47 | 165.29 | -0.1 | 1.97 | 188.53 |
| Pacific Basin (718) | 187.56 | -0.3 | 164.06 | 162.18 | 168.47 | 165.29 | -0.1 | 1.97 | 188.53 |
| Asia-Pacific (1549) | 124.98 | -0.8 | 117.82 | 116.48 | 120.96 | 118.70 | -0.2 | 2.22 | 125.21 |
| North America (841) | 155.69 | -0.2 | 136.77 | 135.21 | 140.47 | 135.06 | -0.1 | 3.18 | 155.69 |
| Europe Ex. UK (591) | 118.71 | -0.7 | 101.87 | 100.73 | 104.83 | 103.03 | -0.5 | 4.31 | 118.71 |

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A vertical strip of film, likely a microfilm or a strip from a video camera. On the left side, there is a ruler with markings in inches (0 to 12) and centimeters (0 to 30). The film itself shows a series of frames, some of which are dark and textured, possibly indicating damage or a specific scene being recorded. The overall appearance is that of a physical recording medium.

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This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1,150 a year for each security shown, subject to the Editor's discretion.

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THE WEEK IN PERSPECTIVE

FINANCE AND THE FAMILY

Better times around the corner?

CORPORATE results that ranged from uninspiring to just plain awful had only a limited impact on the stock market this week, as investors whistled the theme song of the past month: "prosperity is just around the corner".

Only on Friday did the market slip decisively, thanks to a combination of a weak opening on Wall Street, a poor opinion poll for the Conservatives, and end-of-account blues. The FT-SE 100 index fell 30 points to close the week at 2,570.6.

Earlier in the week, both Footsie and the FT-Actuaries All-Share index had flirted with all-time highs, unaffected by first-half pre-tax profit declines of 53 per cent and 75 per cent from such respective stalwarts of the corporate world as GKN and National Westminster Bank.

Of course, had results can co-exist with rising share prices if the figures refer to the past and the stock market is looking to the future.

The drawback with this theory is that company chairmen were not lining up to point to signs of recovery. As one man, in fact, they chorused that there was no sign yet of a pickup in their businesses.

BOC, where nine-month pre-tax profits dropped by 9 per cent, said it had not seen "any upturn in most of the key economies" in which it operates.

WPP, announcing a 65 per cent drop in first-half pre-tax profits, warned there was "absolutely no sign of an upturn" in market conditions for the second half. BBA, the engineering components group, revealing a 45 per cent slide in first-half pre-tax profits, said it did not "foresee any recovery that will affect our results for the current financial year", and was "not prepared to be seduced by blips in the economy".

These grim comments came against a puzzling economic backdrop abroad. Signs of further economic weakness emerged in the US, along with an easing of monetary policy to offset them. That took the Dow up early in the week, and London played follow my leader.

Yet the monetary policy which matters to the UK is set not in Washington but in Frankfurt. The week saw a growing consensus that Germany is preparing for an interest rate rise in the next few weeks.

Equally the performance of sterling during this orgy of interest-rate speculation was a source of comfort for equities. The pound, though down towards the bottom of the ERM pecking order, stayed safely above the French franc, at least. Analysts remained confident that a German rate rise would not force the UK to leave the suit, and might still leave scope for a continuation of the steady decline in British base rates from the early autumn.

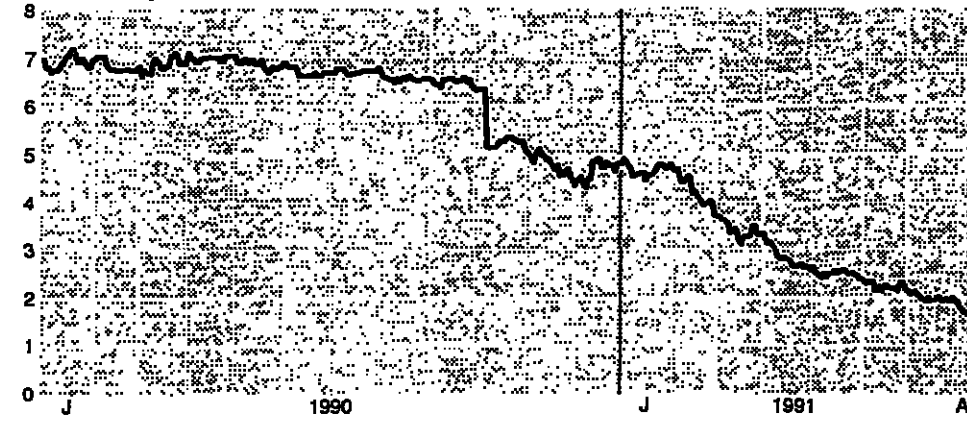
Gilt-edged yields, influenced by the US example, were edging comfortably downwards; the yield on the 10 per cent of 2001 has lost nearly a quarter of a percentage point in the past month, hovering just over 10 per cent.

None the less, the cautious tone of corporate results statements may well indicate, that the long-awaited economic recovery will prove anemic when it finally arrives. The weakness of corporate balance sheets, the sustained squeeze on manufacturing industry that membership of the exchange rate mechanism of the European Monetary System will entail, and an interna-

London Markets

The gap between UK and German interest rates

3 month Sterling interbank rate minus 3 month DeutscheMark interbank rate (%)



Source: Datastream

By the US example, were edging comfortably downwards; the yield on the 10 per cent of 2001 has lost nearly a quarter of a percentage point in the past month, hovering just over 10 per cent.

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tional climate in which some important economies will be slowing down as the UK's strengths taken together, all these factors could, it's argued, dampen the speed of the recovery and its impact on corporate profits.

That is not the way that analysts who follow individual companies are thinking. The latest survey of consensus forecasts for the FT-SE stocks, carried out at the end of July by IBES, an arm of the New York broker Lynch Jones & Ryan, makes revealing reading.

At the end of June, the consensus estimate for earnings growth for the 100 FT-SE stocks for the calendar year 1991 was put at 2.8 per cent. By the end of July, the forecast had dropped to 1.4 per cent, as analysts did their mid-year estimate-crumbling.

So far, so sober. But the outlook for 1992 had headed in the opposite direction. At the end of June, next year's earnings were forecast to grow at 21.9 per cent. A month later, they were forecast to grow at 22.5 per cent. You can't keep a good recovery story down.

The week saw the return of that apparently endangered species, the sizeable contested takeover bid. American Brands, the US tobacco company, bid £286m through its White & Mackay drinks subsidiary for Invergordon Distillers, the fifth largest producer of Scotch whisky.

Invergordon haughtily rejected the 225p-a-share offer as "wholly inadequate", and the stock market apparently thought so too. On Tuesday, the day the bid was announced, the market bid the shares - trading at 163p the day before - up to 255p, a 13 per cent premium to the bid. The shares continued to rise during the week, as speculators gambled on the prospect of another bidder, perhaps Pernod-Ricard of France or Suntory of Japan. On Friday, the shares closed at 254p, 28p above the offer.

One intriguing feature of the bid is that it promised to reward the Invergordon management handsomely: the company returned to the stock market last year in a £171m flotation, after a £92m management buy-out two years earlier.

The week's other big winners were Andrew Lloyd-Webber. The composer's company, Really Useful Group, had enjoyed a short and not entirely happy life on the stock market before being taken private last year for £77.5m.

This week, the Phillips offshoot PolyGram agreed to pay Lloyd-Webber £78m for 30 per cent of the company. Alain Levy, PolyGram's boss, argued that "We're not talking about a pop artist here". Lloyd-Webber ranked with Mozart, said Levy. It was too bad, some thought, that Habsburg Vienna had never quite grasped the point of the leveraged buyout.

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Serious Money

Investment advice from the Dog & Duck

By Philip Coggan, Personal Finance Editor

EBENEZER Guthrie, landlord of my local Dog & Duck, was quick to tackle me this week as I downed a hard-earned pint of Gutrotten Export Special at the bar.

"About these investment trusts you're always praising...," he began accusingly. I am not so easily trapped, however. Spies from the Securities and Investments Board are everywhere, so I intoned the magic words "Of course, I am not licensed under the Financial Services Act to give investment advice."

"Never mind that, my lad," thundered the tenacious tavern tenant. "You've written in print that they are ideal vehicles for the smaller investor because of their low charges and the diversification they offer."

"Quite true," I stuttered. "Excellent long term investment record... look at Foreign & Colonial." The bartender was bemused. "So why is it all I seem to have read in recent weeks is about plunging share prices and asset values? The stock market is at an all-time high so how can these trusts be having problems?"

"Ah," I leaned forward and gave him my best "journalist-in-the-know" smile. "Most investment trusts are fine. The problems have been occurring at those trusts with investments in unquoted companies."

"I put my glass down with a flourish, having clinched the argument. No such luck. "So how come, if these managers are so clever, they backed such companies in the first place?" inquired the indefatigable innkeeper. I handed over my glass for another pint; this was going to take some explanation.

"It is one of the great investment theories," I said. "New and small companies are the most dynamic and innovative; therefore they have the best chance of growing spectacularly. Some of them may go bust, but if they do investors lose only 100 per cent of their money; the few that succeed

will earn them many thousands of per cent."

"So what was wrong with the theory?" asked Guthrie. "Nothing particularly. It works very well when the economy is growing and if the managers are sufficiently shrewd. Take Electra Investment Trust, the largest trust of this type. If you had bought £1,000 of its shares 10 years ago, and reinvested the dividends, you would have £5,143 by now."

"Everything is fine and dandy if the economy is booming," I added, as the lager helped me warm to my theme. "The companies are doing well, their profits are growing and the trusts steadily record increases in the value of their holdings. Everyone is happy, rather like your customers after a good night out."

"The hangover comes with a recession. Small companies are particularly vulnerable when times are hard since they have little fat to trim. Profits fall, and some companies go under."

I looked around and saw that in the course of this homily, several drinkers had edged away from me at the bar. But the eager Ebenezer was still listening.

"So doesn't this affect all small companies, and not just the unquoted ones?" he asked. "It does. The real problem for those investing in unquoted companies is how to value the shares. It's a bit like trying to run a pub without knowing the price of beer."

"That'll be £2.10," he said, glancing meaningfully at my glass. I ignored him and asked, "How would you value shares in an unquoted company?"

He scratched his head and said "Well, you could look at its profits..."

"I interrupted. "What if it doesn't make any profits. Does it mean that it's valueless?"

"What about its assets, then?"

"A good idea," I admitted. "But many companies have intangible assets such as people which are the main reason they are successful. How do you value them?"

"OK, you're so clever, you tell me."

"Well, it is very difficult. The British Venture Capital Association suggests that shares be valued at cost, plus or minus the effect of any third party transactions. It also urges that values be marked down to reflect illiquidity."

"But the problem is that, up to now, investors just haven't known how the unquoted assets were valued and that's precisely why investment trusts have been having these problems. Uncertainty means that the shares trade at a discount to the published asset value. Electra, for example, is trading on a 65 per cent discount."

"Investors are playing safe," suppose" said Ebenezer. "Yes, but sometimes they do not allow a big enough margin for error. Shares in Gresham House were trading at a 68 per cent discount recently. Then the trust announced that its net assets had fallen by 81 per cent. The shares dropped by two-thirds in one day."

"It is not surprising that shares in Drayton Consolidated are trading at a 58 per cent discount. Its exposure to the unquoted market is £100m, including contingent liabilities out of gross assets of £200m."

By this time, there were a large number of men at the bar other end of the bar waiting to be served. Things were about to get ugly, and Ebenezer started to drift away.

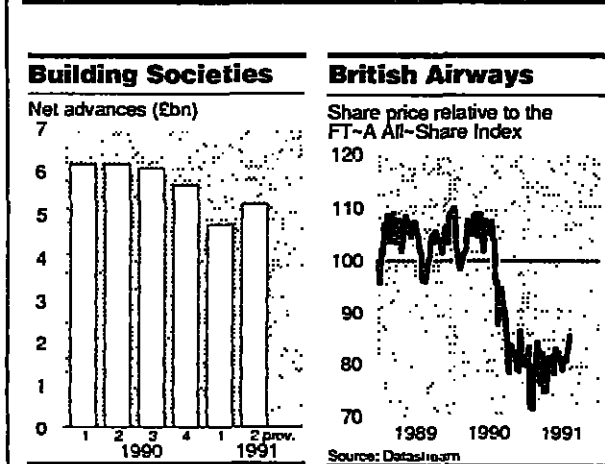
"So, does this mean that I should buy these shares?"

"You're always saying that you should buy at the bottom."

"Not unless you're willing to accept a big risk," I called out. "The vast majority of people should stick with the big general trusts that invest in blue-chips. Liquidity is all important." And on that appropriate note, I drained my glass and headed for the door.

As I went, I thought I may have heard Ebenezer shout something about £2.10 - perhaps a reference to the share price of one of his holdings - but I must have been mistaken.

AT A GLANCE



Housing market still in doldrums

There were few signs of a recovery in the housing market this week. The Halifax house price index revealed that UK house prices fell by 0.9 per cent in July, an annual decline of 1.1 per cent. Meanwhile, figures from the Council of Mortgage Lenders showed fairly flat growth in lending, with outstanding mortgage balances growing just 2.4 per cent within the first and second quarters, compared with a rise of 3.3 per cent in the same period last year. Net advances by building societies rose 9.5 per cent between first and second quarters - to reach £5.24bn - but that was still down on the £5.16bn recorded in last year's second quarter.

Investors' relief at BA profit

The effects of the Gulf War and economic recession slashed first quarter pre-tax profits of British Airways to just £3m, down from £156m in the same period last year. Nevertheless, the fact that the airline made any sort of profit was seen as good news by investors, who marked the shares up 8p to 183p on the day of the results and they closed the week at 185p.

Slow week for smaller companies

Investors experienced little movement in smaller company share prices this week. The Hoare Govett Smaller Companies Index (capital gains version) rose by just 0.2 per cent to 1176.95 in the week to August 8. However, the County Smaller Companies Index fell over the same period by 0.1 per cent to 947.0.

Martin Currie launches new trust

Martin Currie has launched an Emerging Markets Investment Trust, which will have a portfolio in South East Asia (50 per cent), Latin America (18 per cent) and Europe (20 per cent). The fund will also have a 12 per cent weighting in South Africa. Minimum investment will be £1,000. Units will be offered at 50p with a 1 per cent discount during the week September 9 to 13. There is a 10p option of a £1,500 lump sum or a regular investment of £50 per month. The preliminary charge is 6 per cent and the annual management fee 1.25 per cent.

Tessas fail to set the world alight

Research into the popularity of Tax Exempt Special Savings Accounts (Tessas) found that only 6 per cent of the population had acquired one, and confirmed previous indications that the accounts had not generated additional savings. Only one in 20 Tessas holders said that their investment represented "new savings". The research, by RSBG, found that Tessas were most popular with older people. Almost half those aged over 55 had opened a Tessa.

Dealings suspension to be lifted

The Securities and Investments Board is set to lift suspension of dealings in Wright Seligman unit trusts, probably as from August 28. Chartered Asset Management has taken over the management of the trusts - International Growth, UK Income and UK Growth. The names of the trusts will be accordingly altered to substitute "Chartered Asset" for "Wright Seligman". Unitholders with enquiries can call Chartered Asset Management on 071-637-7667.

A LITTLE fresh wind was blown into the sails of a beleaguered summer stock market this week by the Federal Reserve and its unexpectedly early move to ease monetary policy.

On Tuesday morning the central bank cut its target for the key federal funds interest rate - the rate for overnight loans between banks - to 5.5 per cent from 5.75, where it had been since late April.

A cut had seemed likely since Friday of last week when poor figures for July employment, coming on top of weak money supply data, increased fears that the fragile US recovery from recession might already be running out of steam.

However, few analysts had expected the Fed to move quite so rapidly, and in particular ahead of a meeting on August 20 of its policy-making Open Market Committee. That it did so suggests growing concern at the bank over the anemic pace of recovery. The Fed's latest Beige Book, an assessment of regional economic trends, underlined this week that while the economy is improving, the pace is slow and uneven.

Still, the rates cut sent the Dow Jones Industrial Average up sharply, to close on Tuesday 38 points higher and only 8 shy of its all-time record, on the belief that the resulting

boost to the banking industry and business generally will keep the recovery on track.

Another bullish factor was the expectation that the Fed would cut again in the autumn if the economic showed more signs of heading back into a "double dip" recession.

A big concern of the Fed throughout its gradual monetary easing of the past year has been the possibility of refuelling inflation, but these fears have been diminishing as the pace of inflation slackens.

Yesterday, for example, came news that the July index of producer prices dipped 0.2 per cent, to give a rise so far in 1991 of just 1.7 per cent. The trend should lay the groundwork for further easing, if necessary.

Over the past few weeks the Dow has been trading at the upper end of its recent range - it has closed over the one-billion mark in most of the last 10 sessions - and many analysts are bracing for a good run over the next month or two on the back of optimism over the 1992 profits outlook.

Against that, however, there

are still Cassandra's who fear that the Fed may be "pushing on a string" and achieving comparatively little with its easing efforts, since banks are still unenthusiastic about fresh loans and industry is wary of committing capital in such an uncertain environment.

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the majority was reflected this week by latest figures on the state of the automobile market, showing a modest rise from June to July in the sale of US-built cars. Motor manufacturers said improving salesroom traffic encouraged them that gradual recovery would continue.

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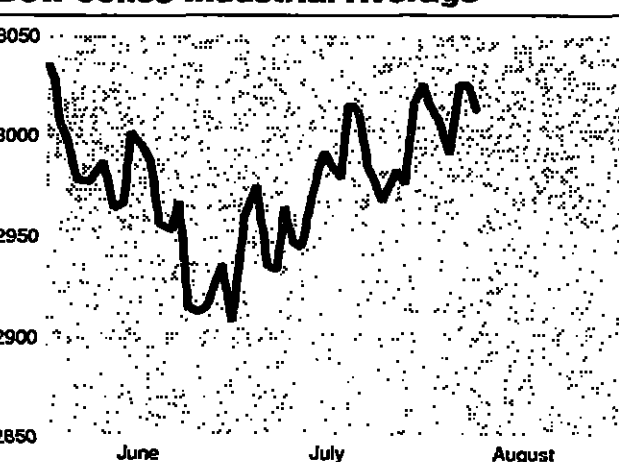
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Wall Street

Rate cut lifts sentiment

Dow Jones Industrial Average



ures was a slump in the car market share of Chrysler, the smallest of the Big Three US manufacturers, which took just 6.2 per cent of total sales, compared with 8.2 per cent a year earlier, apparently because it cut back unprofitable deliveries to car fleet operators.

It was an unpropitious background for Chrysler to announce on Wednesday that it planned to raise some \$400m this autumn through a public share offering. Chrysler needs the money to bolster its balance sheet, shore up its reserves of cash, which have been depleted by the recession, and help its credit rating, which was reduced to junk bond status early this year.

The company also intends to put \$300m of stock into its underfunded pension fund, which will also help its liquidity by cutting the amount of cash it needs to inject into the fund over the next two years.

Other cash-saving ideas under consideration include selling its half share in a joint venture with Japan's Mitsubishi - rumours suggest for about \$100m - and the sale of

its 11 per cent stake in Mitsubishi Motors itself, worth some \$500m.

The need to sell stock is an embarrassment to Lee Iacocca, Chrysler's chairman and the man credited with saving it from bankruptcy in the early 1980s. Iacocca is now criticised for strategic mistakes in the latter half of 1980s, following the company's remarkable deathbed recovery. These errors, say the critics, include spending nearly \$2bn buying back Chrysler stock from investors at a price far above the level at which it can now sell new shares.

Iacocca will need all his legendary salesmanship this autumn as he tries to entice Wall Street over the share issue. His message is likely to be that, while the company is financially stretched, a sustained economic recovery will stabilise its position and a new range of cars, due out between 1992 and 1994, will transform its market prospects.

Many analysts are optimistic about the new model range, but the company still faces a very rocky ride between now and their turnaround.

Monday 2988.04 - 31.25
Tuesday 3027.28 - 4.25
Wednesday 3026.61 - 0.37
Thursday 3012.58 - 15.03

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Regulator waits to clip a high-flier's wings

BT ANNOUNCED another fine result this week - first quarter profits of £825m - and immediately fell foul of the politicians.

Iain Vallance, chairman, dismisses criticism that he is putting profits before people as "knee-jerk carping". Privately he is more than happy to put up with a row four times a year if BT, formerly British Telecom, continues to increase its profits by double-figure percentages.

So, no doubt, will BT's shareholders. But the key question for them, and for those interested in the sale of part of the government's 48.6 per cent shareholding, is whether BT will continue its extraordinary growth in profits.

Part of its recent success can be put down to aggressive management of costs. The company has already shed 3,700 jobs in the three months to 30 June and is planning to get rid of at least another 10,000 by the end of the financial year. Management may not be satisfied until up to 40,000 jobs have gone since its cost cutting

year. Thus part of the increase in profits is due to its ability to control costs rather than to increase revenue. Sales only rose by 4 per cent to £3.3bn compared with 10 per cent at the same time last year.

BT directors believe that "profits are profits" no matter how they are generated. Furthermore, they believe the company has never looked better from an investment point of view since its recent deal with the industry regulator, the Office of Telecommunications.

Sir Bryan Carsberg, OfTel director general, recently infuriated BT when he decided that potential competitors wishing to enter the market would not, after all, have to pay BT access charges for using its network.

BT threatened to take the issue to the Monopolies and Mergers Commission, which would have threatened the impending flotation of the government's remaining BT shares. So a new deal was struck between the regulator and the company.

BT has been forced to back down on access charges. The regulatory body now retains

able revenues resulting from BT's 25m exchange lines. James Dodd, telecommunications analyst at Kleinwort Benson, said: "It is difficult to see any potential competitors in the UK market making significant inroads into this base of installed lines." After six years of operation, Mercury has just 150,000 direct lines installed.

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FINANCE AND THE FAMILY

Philip Coggan examines the pattern of directors' share transactions in their own companies and asks

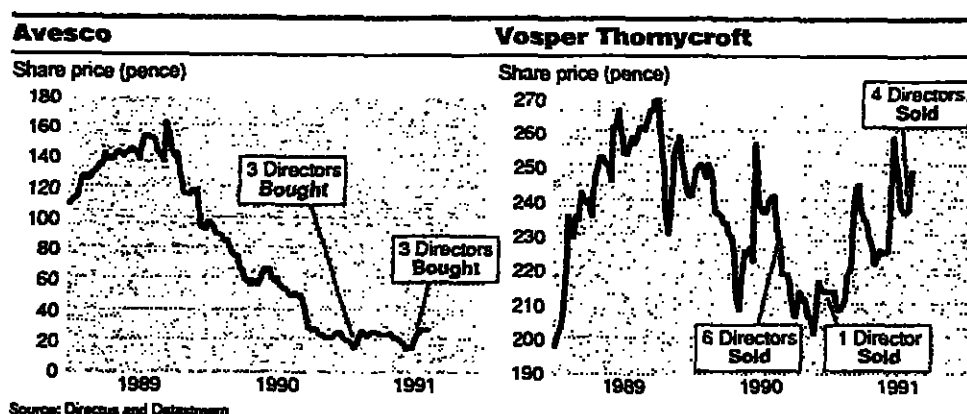
Does it pay to follow the piper's tune?

DO COMPANY directors know what they are doing? For the past year, the *Weekend FT* has been running a table that shows the transactions made by directors in their own companies' shares.

The aim was partly informative. These deals have to be declared to the Stock Exchange but they had not previously been gathered in one place. The *Directus* service, based in Edinburgh, was able to collate the information.

Readers were inevitably going to be tempted to use this information as a trading guide. Surely directors would be "in the know" about when their company was due to recover, or slump? A director purchase ought therefore to be a sign for outsiders to buy.

So how, as a trading guide, has it worked? As a crude test,



we assumed that an investor had bought all the shares mentioned as director purchases in our first table - published on July 28 1990 - and held them ever since.

The results are not promising.

Assuming that the investor had acquired shares on the next trading day, the average loss has been 20.5 per cent, compared with a 5.1 per cent gain in the FT-All-share index over the same period.

Paradoxically, had the investor bought shares in the companies where the directors had recently sold, the average gain would have been 2.5 per cent.

In case this was a rogue week, the same exercise was conducted on the second table, published on August 4. Here again, buying the shares which the directors sold has proved more profitable - up 9.5 per cent - than purchasing those where the directors had bought - up only 6.9 per cent - although both lag the All-Share.

Directus has always said that the table cannot be used in such a simplistic fashion. For a start, there is a crucial gap between the time the deals are done and the time they are included in the paper. Frequently, the shares rise over the intervening period.

In addition, a small purchase or sale by a single director may not be of any significance. An individual director may need to sell shares to meet a financial commitment such as a divorce; such a sale is not necessarily a sign of a loss of confidence in the company's prospects.

Similarly, a director exercising options will be recorded as a "purchase", even though such shares are often sold within a few weeks.

Remember, also, that directors are restricted in the way in which they can deal. The Stock Exchange's Model Code requires that they should not deal within a two-month period in advance of the publication of the company's results. Nor should they deal "on considerations of a short term nature". And the law prohibits them from dealing on price-sensitive "insider" information, although this is obvi-

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USA)

| Company | Shares | Value | No of directors |
|---------------------|-----------|-------|-----------------|
| SALES | | | |
| Argyll | 175,894 | 550 | 2 |
| Bentley | 16,000 | 25 | 1 |
| Betterware Consumer | 1,900,000 | 5,700 | 2 |
| Bulmer (HP) | 200,000 | 500 | 1 |
| CIA | 25,000 | 32 | 1 |
| Courtauld | 40,000 | 176 | 1 |
| Forbes | 10,000 | 27 | 1 |
| Fulmer, Smith & T. | 25,000 | 104 | 1 |
| Highway | 102,700 | 376 | 2 |
| Highland Distiller | 3,600 | 10 | 1 |
| Marks & Spencer | 367,355 | 1,132 | 3 |
| McArdle | 30,000 | 84 | 1 |
| Merchant Retail | 175,000 | 73 | 1 |
| Mercury Asset Man. | 50,000 | 370 | 1 |
| Prigione Leisure | 17,000 | 19 | 1 |
| Racal Electronics | 44,000 | 97 | 1 |
| Smithkline Beecham | 92,172 | 763 | 1 |
| Whitbread | 38,100 | 191 | 1 |
| PURCHASES | | | |
| Albrighton | 195,000 | 35 | 3 |
| Alber Day | 50,000 | 83 | 2 |
| BET | 25,000 | 51 | 1 |
| Bridport Gundry | 28,760 | 16 | 1 |
| Cabra Estates | 100,000 | 11 | 1 |
| Capital Radio | 117,000 | 198 | 1 |
| Enso | 40,000 | 12 | 1 |
| Headlight Inds. | 28,000 | 28 | 2 |
| Highway | 210,000 | 34 | 2 |
| Lowndes Lambert | 30,000 | 91 | 1 |
| Medjela | 15,688 | 45 | 1 |
| River & Merc (Prof) | 24,881 | 30 | 1 |
| S & U Stores | 10,000 | 12 | 1 |
| Schweitzer | 10,000 | 18 | 1 |
| TSS | 10,000 | 15 | 1 |

Value expressed in 1000s. Companies must notify the Stock Exchange within 5 working days of a share transaction by a director. This list contains all transactions, including the exercise of options (*) if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange 29 July-2 Aug 1991.

Source: Directus Ltd, Edinburgh

The latest boardroom dealings

WHEN A company obtains a quotation, it is usual for the directors to reduce their holdings. If, on the other hand, they buy, this should be seen as extremely positive. Richard Shaw, chief executive of insurance group Lowndes Lambert, has bought 30,000 shares in the company.

However, when directors buy shares on their own account, it is not necessarily a sign of confidence in the company's prospects.

The shares of construction group Albrighton, formerly the confectioner G F Lovell, have collapsed over the past two years. Directors have followed the recent company restructuring with small additions to their holdings.

Shares in Betterware Consumer Products have proved very rewarding over the last two years, more than tripling in value. The recent sale by members of the Cohen family was substantial, although they retain 12m shares. Other directors were buying in June at a price not far below the current level.

Angus MacDonald, Directus Ltd.

ously hard to define. So how does one separate the significant deals from the inconsequential? According to Directus, what counts is buying in unison and size. But even here there is a potential trap. One set of purchases by directors does not counteract a preceding deluge of sales - so one needs to examine the pattern of transactions carefully.

Directus can cite numerous examples of a pattern of sales and purchases being borne out by a subsequent change in share price. Take Fletcher King, the commercial estate agent. Between early 1989 and July 1990, four directors sold shares - two at 190p and two at 95p. The share price has since slumped to 55p.

Or Microfilm Reprographics, where a whole series of sales by directors and their wives occurred in 1990, at prices between 235p and 255p. The share price has since fallen to 160p.

On the more positive side, seven directors of Unichem, the pharmaceutical wholesaler, bought shares in November 1990 at prices of 115p and 127p. That preceded a rally in the share price to 167p. And there has been a recovery to 180p.

| Buy/sell ratio | | | |
|----------------|------|------|------|
| 1990 | 1991 | 1992 | 1993 |
| June | 1.4 | Jan | 2.8 |
| July | 1.2 | Feb | 2.4 |
| Aug | 3.4 | Mar | 0.6 |
| Sep | 3.7 | Apr | 0.6 |
| Oct | 3.7 | May | 1.3 |
| Nov | 3.7 | Jun | 1.7 |
| Dec | 1.8 | Jul | 2.6 |

Source: Directus

60p of the share price of Severfield-Reeve, a building services group, after four directors bought shares at 37.5p in November last year.

The recent recommendations from Directus are shown in the graphs. Avesco is a company involved in the design and manufacture of products and services for the media. Three directors purchased shares at prices of 17p and 18p in January this year and a further tranche of shares - at 20p - after the company's results were published. Directus felt that the sight of "all the executive directors buying together and making a meaningful investment" made the shares a buy; the price has already risen to 22p.

COMPANY PENSION schemes are being forced to a bitter struggle with the government over proposed cuts to the rebate of National Insurance contributions for occupational and personal pensions contracted out of Serps.

The cuts are an essential part of a retrenchment programme for personal pensions to be announced this autumn by Tony Newton, Minister for Social Security. Cross-party pressure to slash the rebate intensified following reports which put the net cost of personal pensions to the National Insurance fund at £5.7bn.

The rebate is calculated as a percentage of earnings between the lower and upper NI contributions limits. For the 1991-92 tax year, these are £2,700 and £20,200 per annum. The current rebate for personal pensions is 8.47 per cent, which includes a 2 per cent "incentive".

Company pensions rebate row

So far 4.5m personal pensions have been sold on the strength of this rebate. The rebate is likely to drop by a minimum of 3 per cent from April 1993, partly as a result of a cut in the basic level and partly as a result of the abolition of the incentive. But the cut may be deeper and pension experts fear that if a heavily reduced rebate is applied to the occupational sector it will force many company schemes to abandon their contracted out status.

The heart of this debate is the basic on which the rebate is assessed. Since 1974, it has been based on the cost of replacing Serps benefits for the contracted out population of occupational schemes (now 10m).

To qualify, schemes must

provide a guaranteed minimum pension (GMP) to replace the guaranteed pension they would have had under Serps. Personal pension providers do not have to give this guarantee.

Now the government is considering basing the rebate on the entire contracted out population, including the more youthful 4.5m personal pension market. Since Serps benefits increase with age, the younger profile of the personal pension sector will force down the overall rebate.

David Morgan, pensions manager at Rowatree, said: "Company pension schemes appreciate that as the cost of providing the GMP goes down, so too will the rebate. If these two factors stay in proportion

all will be well. But if the rebate takes into account the personal pension population, then we are very concerned that it will fall below the level at which we can meet the GMP obligation."

This point has been put forcibly by the Government Actuary by the sub-committee of the pensions industry's joint working group.

Alan Jenkinson, policy director at Noble Lowndes and chairman of the sub-committee, said: "We must have a rebate for employers that makes contracting out sensible by balancing the guaranteed benefits the scheme must provide, in return for the rebate. If we cannot have this, we will have to take a very hard look at the structure of schemes and their functions."

One option would be for the schemes to remain "contracted in" to Serps and to provide benefits on top of the state scheme. Currently 1m employees in Britain are members of such schemes. But Jenkinson points out that the complexity of dovetailing scheme benefits with Serps is restrictive and in many cases fails to provide the same level of benefits as is available under a good contracted out scheme.

For example, under a contracted out scheme the pension is generally based either on salary at retirement or on the best of the three years preceding retirement. The Serps pension currently is based on average earnings over the entire working career. Other restrictions

on death and disability benefits and early retirement provisions may also apply to schemes which are not contracted out.

One way round this is for a lower rebate to apply to personal pensions, preferably on an age/sex-related basis. Morgan points out that while company payroll systems are ill equipped to handle age/sex-related rebates, the Department of Social Security could more easily tackle this problem since it has ready access to the date of birth of each personal pension plan holder.

But while this solution lets company schemes off the hook it would present big problems for the government and personal pension providers, who would see a mass defection back into Serps of the 20- to 35-year-olds who form the backbone of the market.

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MIDLAND bank customers should brace themselves for changes to their current accounts in coming months.

Brian Pearce, chief executive, said that the bank was planning to overhaul its personal banking products. His announcement came at a meeting a week ago, when Midland announced losses of £17m in the first half of the year.

Pearce said that the product range was over-engineered and cluttered with complex financial gimmicks that few customers understood.

Midland's three main current accounts, Orchard, Vector and Meridian, were criticised when they were launched because of their idiosyncratic names and because they appeared to have confused customers.

"We wanted to make them stand out," said Kevin Gavaghan, Midland's marketing director, who made clear that Midland felt under pressure

Midland streamlines accounts

Meridian and Orchard accounts in February 1989.

"We wanted to launch one account in February 1989 and do the others in waves after that, but Lloyds jumped the gun," said Gavaghan. Lloyds was the first of the Big Four clearing banks to introduce interest-paying current accounts, following Abbey National's example in 1988.

Gavaghan said that the decision to launch all the accounts on the same day was "a significant mistake because it confused our customers and our staff." Midland had 4.5m personal account customers in 1988, accounting for a market share of 16.2 per cent.

Until Midland introduced interest-bearing current accounts, other banks and building societies offering

lost 1.5m customers to them," said Gavaghan.

The two accounts that are to be altered are Vector and Orchard.

Vector, introduced almost a year before the other accounts and at the height of the consumer boom, was aimed at the 330,000 Midland customers who were regularly overdrawn and paying a yearly average of £120 in charges. The "purple" Vector account charged a flat fee of £10 a month for a £250 overdraft without further charges.

Now the consumer boom is over, Gavaghan said that the rate of new customers opening Vector accounts has slowed greatly and that the account will be discontinued, probably within the next few months. Existing Vector account holders will not be affected.

Changes are also being made to the Orchard account, which would be replaced by a new account at the depot or at the

aghavan said the bank was considering introducing a fixed monthly fee for Orchard which at present operates as an interest-bearing current account with a sweeping mechanism under which balances over a certain level are transferred to a high-interest savings account.

He added that he did not expect the fee to be introduced until next year.

No changes are envisaged for Meridian, which has been going "from success to success" according to Gavaghan. Meridian customers have to have an average monthly credit balance of more than £1,000. The account has a fixed interest rate which goes up to 8% per cent gross on balances of over £10,000. Vector and Orchard have lower interest rates.

Source: Midland Bank

Southdown gets a helping hand

DEPOSITORS IN the Southdown Building Society ought to rest easy after the Woolwich agreed to "stand behind" the East Sussex-based society.

A series of "mischievous rumours" about the security of deposits had caused a small run on Southdown branches in Eastbourne and Hailsham. Although the rumours were "totally without foundation", the society decided to try and nip the potential crisis of confidence in the bud.

The Woolwich therefore agreed to throw its near £20bn of assets behind Southdown to create a virtuous circle: the willingness of the Woolwich to provide money should mean that confidence is restored, and thus the Woolwich will not need to stump up.

As of yesterday, the magic wasn't working: there were still long queues of worried depositors at branches. Older people, and those with smaller deposits seemed most concerned. If you are a depositor, you need not fear. Southdown, the UK's 30th largest society, is

trading normally and meeting all depositors' requirements. It was formed last year from the merger of Eastbourne Mutual and Sussex County and has £790m of assets and £45m of reserves. About 125,000 members are served from 46 branches.

The run on Southdown may illustrate public nervousness over the failure of the Bank of Credit and Commerce International and the publicity about depositors' losses.

However, the building society movement has a tradition of rescuing its smaller members. Frequently, the larger societies are encouraged to take over any smaller societies in which run into difficulty, although there are precedents for the kind of "moral support" the Woolwich is providing and it is a long time since any depositor lost money as a result of a building society failure. In the last resort, a compensation scheme will meet up to 90 per cent of the first £20,000 put in by a depositor.

Philip Coggan

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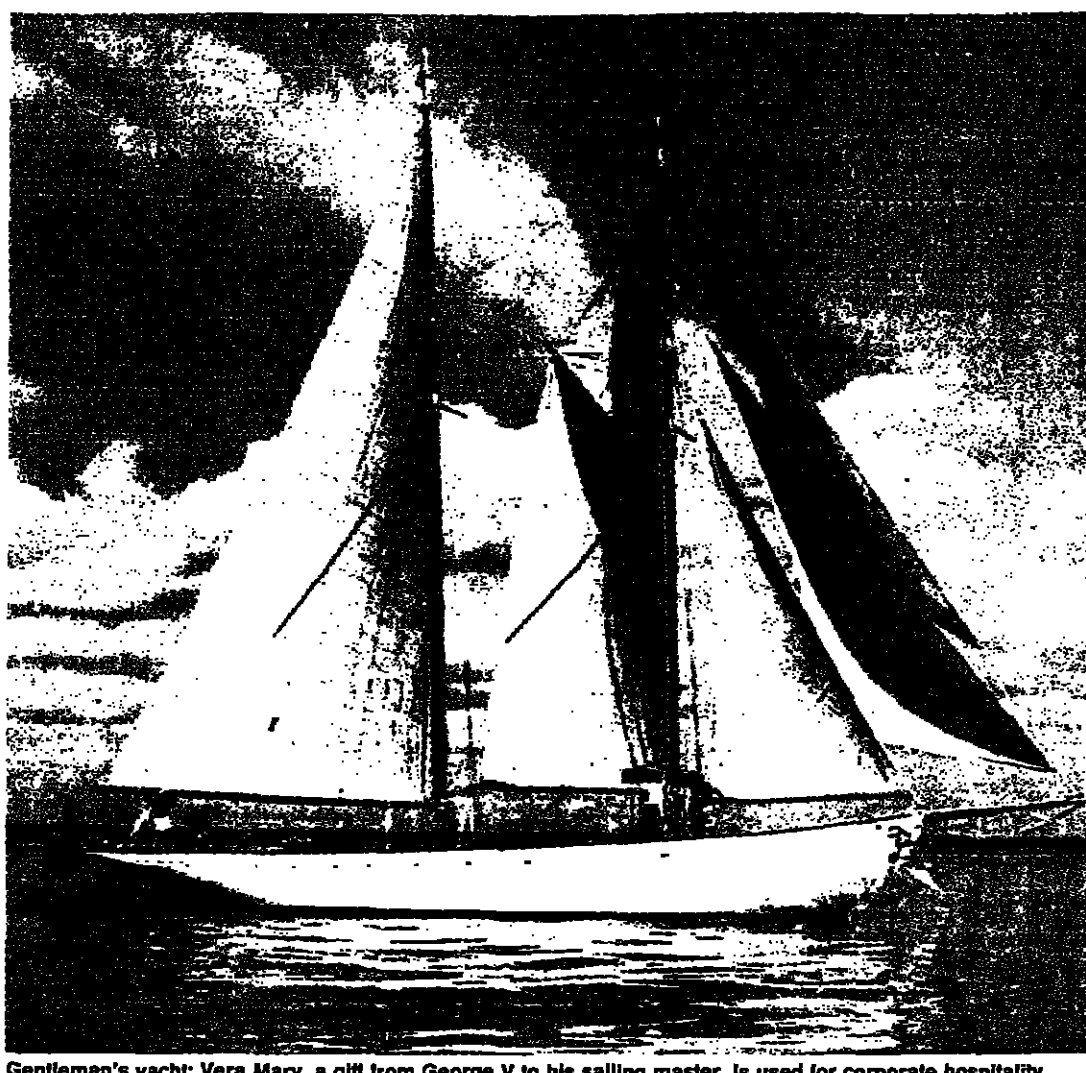
Chris Law is one of the world's top helmsmen. When he decided to diversify, he could not bring himself to 'swallow the anchor' as he tells Roy Hodson

who in his new career is spending an unreasonably large part of his time traveling to aeroplanes, traveling between two match races, is gaining confidence that his heavy investment in an unusual business is paying off.

In a four-months season this year - Vera Mary's first year in business - the yacht should earn up to £30,000. Easy to handle, the yacht needs only a crew of three which keeps running costs down. Law is looking for a surplus of £5,000 at the end of his first season, all of which he intends to invest in the yacht for further equipment.

His dilemma is whether he can continue to afford to run an appreciating asset which offers a comparatively small rate of return. He desperately wants to keep Vera Mary, "I have sunk every brass farthing and all my energies into the yacht". But interest among rich yachtsmen in such a rare classic vessel may decide Vera Mary's future ultimately. Recently the schooner has been offered on the yacht brokerage market priced at £150,000.

By Vera Mary Yacht Charters
#194-677738



Gentleman's yacht: Vera Mary, a gift from George V to his sailing master, is used for corporate hospitality

well stand out like sore thumbs, especially in a recession."

Luckily the company has no borrowings - and has not had for nine years, Gold proudly declares. Nor has it had to use the overstaff facility. "But, you know this year's Christmas season will be like."

Gold is hoping that the catalogue and the company's own incentive, sending out its tenth birthday card with the offer of a 15 per cent discount on the first order from the catalogue made before the end of the year, will stimulate enough business to keep it on target.

AO Products, 11 West End, Barnsbury, Oxon OX16 9RR. Tel: 02935-2556/48.

liquid funds reach right through the tenure of any incoming Labour government into the next. (Unfortunately lower tax period beyond.) That apart, benefits could be achieved in a similar way if your income for the first few years of residence is more than £100 a year. (The £100 limit.) Less obviously, advantage can also be taken of the particular manner in which the Taxes Acts function.

Many returning expatriates who have lived out their UK properties while abroad and will sometimes have substantial unrelieved losses because of the high rates of mortgage interest payable. Under the tax laws in force, such losses are set off against any tax furnished lettings are taxed under Case VI of Schedule D and losses from such lettings can be set off only against subsequent profits on any other income chargeable under Case VI. (The rolled up funds - known as offshore income gains - are also taxed under Case VI of Schedule D.) So, an otherwise useless loss can be used to reduce the resource-neutralising tax on what is effectively income from funds on deposit.

Finally, the income on gifts to your infant children are not taxed with your own. If drawings are deferred until they reach 18.

■ Donald Elkin is a director of Wilfred T Fry of Worthing.

application. However, it might be wise to consult a solicitor, giving full details of the incidents which have occurred.

Overarching problem

AT THE access to our property is a stone archway on which the Department of the Environment and the district council have placed a preservation order. This is the only access to our property.

We have a nursery half a mile beyond the archway which we have run for 63 years. We have used oil for glasshouse heating since 1956. When we received our delivery of oil in February, we were told that the lorry that had delivered it was the only one which could get through the archway, and it would be

No legal responsibility can be assigned by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

months which could not get through the arch. No other oil company has a small enough tanker. We have applied to demolish the archway but the district council and DoE say that *that is our problem and if need be we must go out of business.*

You may have to build a different access, or a route round the arch. If this is impossible, you should think about buying one of the redundant smaller tankers and arranging a transfer at the depot or at the shipyard. *— M. J. W. (10)*

[illegible]

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TRAVEL

A pilgrim's slow progress in Wales

Nicholas Woodworth dons his boots to discover the 'invisible landscape' of Pembrokeshire

IN THE Middle Ages, before cars and tour-coaches filled cathedral car-parks in Lourdes, Canterbury and Knock, pilgrims were a hardy lot. They had to be. A pilgrim's progress in those days was measured one weary, foot-slogging mile after another. Such treks were long, hard and exhausting, but conferred upon pilgrims great spiritual benefit as well as blisters. Both showed that they were on the road to eternal salvation.

For pilgrims in Britain there was one site so remote yet important that it was awarded special status. Make two trips to the village of St David's at the wild, windy, furthest end of Wales, said Christian tradition, and you earn the same merit you would with one trip to Rome.

The bones of David, patron saint of the Welsh, are still lodged in a casket behind the altar in St David's cathedral, and the little village, the holiest place in Wales, remains off the beaten track and serenely rural. However, the peninsula of Pembrokeshire on which St David's sits is today hardly the remote coastal wilderness to which Celtic saints and mystics once repaired.

No longer has anyone to trudge for weeks to get there - London is just four hours away by car train. It may seem surprising, then, that many visitors arrive there only to put themselves through the same gruelling pace as the foot-sore pilgrims who came before them.

It did not take me long to find out why walking boots and rucksacks are so useful in this part of Wales. Pembrokeshire, far out in the sea at the southern end of sweeping Cardigan Bay, is one of the most spectacular coastal landscapes in Britain. But through a car window it is also Britain's most invisible landscape.

For hundreds of years the farmers of Dyfed have built high hedge-banks - mounds of earth faced with turf and stone - to protect their fields and pastures. Cov-

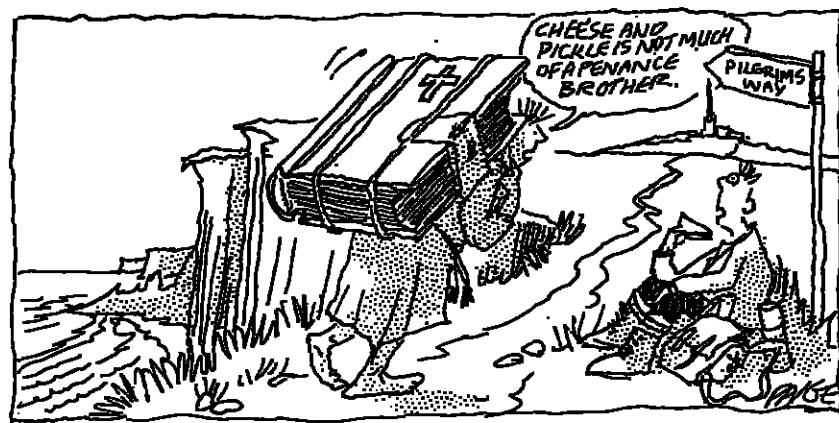
ered with thick vegetation, the hedge-banks rise 8 ft and more, and border every winding country road. After a day's driving I realised I was coming to know the primrose, hawthorne, gorse and honeysuckle of the hedge-banks, but had had only the briefest glimpse at the wonderful landscapes that lay beyond. The only real way to see Pembrokeshire is the way weary medieval pilgrims saw it, on foot.

On long summer evenings in St David's you can sit beside lichen-covered tombstones on the grass outside the cathedral, listen to the longing angst of a Welsh choir at practice, and watch the nearby ruins of a 500-year-old bishop's palace fade into the Celtic twilight. It is a supremely peaceful place to rest.

Resting is a good thing to do, for the Pembrokeshire coast national park path, all 186 miles of it, lies just a mile away and demands a more energetic pace from those who plan to walk it.

As I lay on the grass I was contemplating only a two-day walk, from St David's along the coastal cliffs to the port of Fishguard - some 25 miles. It is not a great distance, but for a sudden convert from engine power to foot power the figures somehow take on new meaning.

I mean to walk at Whitesand Bay, the place where St Patrick is said to have sailed for Ireland, which is not so very far away. From Carn Llidi, the hill overlooking the bay, you can see the Irish shore on a clear day, or so it is said. On the morning I walked through Whitesand Bay, the sea, and Wales itself, were bound



in mist. Weather scuds in from the Atlantic here with astounding rapidity. In winter it arrives with strong westerlies that produce days of 60mph winds and every week or so a full force gale.

Summer is altogether more clement: this is the sunniest and driest part of Wales, and in this season the winds are warmer and gentler. Warm or cold, dry or humid, bright or foggy, it all comes and goes with great speed; for two days I alternated between soft summer mist and mugginess, squalls of rain and clear blue skies.

But the winds are not all bad - they are at least partly responsible for the wild beauty of the Pembrokeshire coast. Barging into a ragged, indented coastline, most of it edged with 300-ft stone cliffs,

they raze the vegetation close to the ground. Bushes and small trees are rare and bent low. Most of the walks along the coast path follow the edge of the cliffs but lead through the springy, ground-hugging vegetation more usually found on moor and highland.

In spring and early summer the cliff-tops erupt with a million flowers: bluebells and violets, sea campion and yellow cowslip, pink thrift, storksbill, pearlwort and vast banks of heather and gorse. Set this against deep water that surges against the rocks far below, the noisy gulls and petrels that wheel overhead and the fresh Atlantic weather, and most people find little time to be bored. A walk along this coast, no matter how long, is not the dull trudge you might

think. Armed with a coastal path guide, I found there was always something to look for. On a promontory on St David's Head I explored the remains of an Iron Age fort, safe from inland attack but surely one of the most wind-blown and exposed places man has ever lived.

At the old Roman station of Menapia I traced about 100 yards of a Bronze Age trail that began on Salisbury plain and ended up in the shallow copper mines of the Wicklow hills.

On a headland at a site called Coganarthur, I crawled into a Neolithic burial chamber to try it out for size, and found it rather cramped.

In blowy weather in front of St Justinian's ruined seaside chapel I followed the course of brightly coloured fishing trawlers out past the curious island of Ynys Dewi, known in the 1500s as a source of garlic. It is also known in even more obscure tradition to be the island where 20,000 saints are buried. Better substantiated on Ynys Dewi are sea caves where seal pups are still born and reared each year.

At Aberdeild Bay I ate soggy pork pies sitting on a rock in the rain. In Porthgain, in what must be the tiniest fishing harbour in Britain, I stumbled across the Harbour Lights, voted *The Good Food Guide's* country restaurant of 1991. Too full of pork pie, I wandered sadly past without stopping.

At Careg Goffa I looked over the spot where in 1797 a French force of 1,200 criminals and vagrants were landed in the

last invasion of Britain. The attempt did not last long. No sooner were the French ashore than they descended on a shipload of wine wrecked a few days before. Weaving and stumbling, they were rounded up with the help of the good women of Fishguard, who knew a thing or two about pitchforks. Total casualties: eight Frenchmen drowned, 12 killed and one Welsh woman shot in a pub when her colleagues were loading a pistol.

In Trevine, half way to Fishguard, I sank into a bath at "Crnog", a bland bed-and-breakfast establishment run by silver-haired Peggy James. When she is not working in the vegetable garden behind her house, she coddles coastal path walkers. Crnog does not serve Trevine crab salad, but the Ship Inn down the road does, together with long, cool pints of best bitter. Peggy James, however, specialises in hearty breakfasts that would stop the morning whinges of even the most faint-hearted pilgrim.

So it went for two days, first one foot, then the other. There is something about steady walking for hours at a time that so Harley Street nerve man could ever compete with. After a while the steps come automatically, the brain settles down and stress and tension slip away.

Relaxing and invigorating at the same time, such a walk begins to make the trials of home, subway and office seem distant and, for a while at least, not so terribly important. You may not fully achieve the peaceful contemplation of St David; but if such a thing is to be found at all these days, it is likely to be discovered on the windy western edge of Wales.

■ *Welsh Information Bureau: 12 Lower Regent Street, London, SW1 4PQ. Tel: 071-403-0969. Pembrokeshire Tourist Information Centre: Drill Hall, Pembroke, Dyfed. Tel: 0646-652143.*

Two countries for the price of one

Alsace may belong to France but it borrows freely from the best that Germany has to offer, as Jill James discovered

UNDER white umbrellas in Obernai's rue du Marché, beers, coffee and apple cakes are being ordered in a mixture of two languages. The air smells French but the predominant sound is German. The waitresses in their white blouses and red skirts are busy, neither welcoming nor hostile but neutral.

Who the visitors are in Alsace has never been fully established. The French think that Alsace is theirs. Equally, the Germans consider themselves perfectly at home. They order their meals in German, make their inquiries at the tourist office in German and even offer D-marks for pur-

chases in the shops. Visitors should adopt a cautious French-first policy but bear in mind that this does not always work. For example, in a charcuterie on a ham-buying mission for a picnic lunch the response to the phrase "Des croûtes de jambon cuit" was "Geschmitten?" (sliced). To complicate matters further, more than 50 per cent of the population speaks an impenetrable local dialect.

Alsace is border country, and the border is the Rhine. Every border has to have its Fort Apache, and Alsace has dozens: castles and châteaux, many just ruins, are dotted about like arrows after Custer's last stand.

The region also has its share

of cowboys: German motor cycle gangs that cruise, peacefully enough, in leather and chrome cavalades around this fought-over (six times in the last 75 years) corner of Europe.

Alsace has a tourist route for just about everything, a *route des vins*, *route des châteaux*, *route des crêtes* (crests), even a *route du tabac*. All are worthwhile - but out of the tourist season (June-September), if you can manage it.

That most popular of tourist trails, the *route du vin*, runs from Marlenheim near Strasbourg to Thann. You could spend half a lifetime in the region, but assuming that you are a bit more pressed for time make sure you visit the following: Obernai, Ribeauvillé, Riquewihr, Mittelheim, Kayserberg and Turckheim. The base for our family holiday was Andlau, which together with Illerswiller and Barr would make for an easy day's sightseeing.

Obernai and Riquewihr would top my list of towns to visit. Even if the Pope decides to holiday there in the same week as you they should not be missed. A former Free Imperial town, Obernai has largely been spared destruction from wars and fires. It is stuffed with 16th and 17th century buildings. Park outside the town centre and walk through the maze of streets, some so narrow you cannot spread your arms. The flower-decked town is set around the Place du Marché which has a fountain and a cornial (built in 1554) that is now a restaurant. Oriel windows, decorated door frames and picturesque wrought-iron signs catch the eye.

Riquewihr's main street, rue General de Gaulle, is packed with 15th, 16th and 17th century houses. Wherever you turn there are interesting streets and courtyards. Such is the zeal with which the town is protected that not even a coat of paint can be applied to a house unless it is of an approved colour. Since the medieval eye apparently favoured garish blues and reds this means that some of the cream and pastel which are more to modern tastes are being eliminated in the quest for authenticity.

Anyone who follows the *route du vin* on its opulent and



The Chapelle Saint-Jean in the convent on Mont St Odile. It is worth braving the crowds to see the sweeping views towards Strasbourg from the viewing terraces

peaceful walk along footpaths to the Col du Haut de Ribeauvillé.

Another delightful walk, lasting about 2½ hours at a leisurely pace, can be had by visiting the ruins of the chateau of Andlau. These are worth visiting: the Haute Koensbourg above Sélestat and the tower on the Champ de Feu near le Hohwald.

However, there is one high place in the Vosges which must be visited in spite of the press of pilgrims and tourists drawn to it daily. This is Mont St Odile, just north of Barr. From the car park do not immediately follow the crowds up into the convent grounds but walk 100 yards down the road in the direction of the sources and then turn right on to a broad footpath which circles just beneath the rocky outcrop on

which the convent and viewing terraces above are built.

The beauty of the northward facing views over a broad forested valley opening out from shadow on to the sunlit plain of Strasbourg is best caught first in glimpses from the relative tranquillity of this path. Later, climb to the viewing terraces and take in the unintermitted sweep of those great vistas over the plain.

Mont St Odile is surely one of the wonders of western Europe. It is therefore astonishing to learn that the French authorities are permitting a quarry to extend its increasingly disfiguring scar into one of the lower ridges which make up this peerless landscape.

Serious hill walkers would do well to equip themselves with the detailed maps of the Vosges published by the Club

Vosgien (16 rue Ste Hélène - 67000 Strasbourg), generally available in local shops. The club also does excellent work in the sign-posting of the many footpaths that criss-cross the area.

■ *Jill James stayed at a family house in Andlau which could accommodate up to four adults and three children. The break was organised by Vacances en Campagne of Bismar, Pultenough, West Sussex, RE20 1QD. Tel: bookings: 07987-433; fax: 07987-304. The cost of renting the property for a week in low season is \$16 including the cost of a short sea crossing for two adults and a car (extra weeks £280). On P&O Ferries' short Dover-Calais crossing it is worth paying the extra £5 for access to the club-class lounge.*

seen in Britain, never disappointed.

Days without festival performances offer a chance to sample menus elsewhere. At the Ocker Mühle up the road the outdoor restaurant is simpler and cheaper, but the freshly-grilled trout was really good. Anyone feeling more adventurous can take a day out to Coburg, Bamberg or Würzburg. Bamberg, with its gothic-romanesque cathedral and the best coffee house in the region, is the most accessible.

The key to enjoying Bayreuth is to move into slower gear, especially if the day revolves around a performance at 4pm. In Würzburg, there are gentle walks along the wooded valleys, or up to the Turnbühl, the remnants of a 10th century hill-tower where villagers gathered for protection against invading marauders.

The hotel itself has an exercise room and a Roman bath-style swimming pool. The village is renowned for its clean, soporific air, which can make some very lazy mornings - just the atmosphere to convince you that doing as little as possible is the only civilized way to enjoy Bayreuth.

Bayreuth: beyond the festival

Stratford-on-Avon. No one is out to fleece the tourists. There are no bus parties.

Despite a post-war boom, which has spilled suburbs and commercial sites into the surrounding countryside, the old town has maintained its traditional appearance and character. To build a modern opera house, which first brought Wagner to Bayreuth, stands in one of the main streets, with an old-fashioned café (chandeliers and iridescent gâteaux) next door.

With a population of 70,000, Bayreuth turns out to be an attractive shopping centre where shopkeepers have time to be friendly. Although some businesses and streets near the Festspielhaus bear Wagnerian names, the only signs of the Wagner industry in the pedestrianised centre are the local music students playing Wagner medleys and record company posters depicting the composer wearing headphones.

But the fact remains that the reason most non-Germans visit Bayreuth is to hear Wagner's music. And as any regular fes-

treated with a proper sense of occasion. You may be content to spend four hours a day on a hard Festspielhaus seat, lost in the world of Nibelheim and Valhalla, but you still have the rest of the day at your disposal (and two free days during *The Ring*), when quality of accommodation and cuisine, even for the most dedicated Wagnerite, are of utmost importance.

Most first-time visitors book into one of the hotels near the sphere but not for the food: the menu consists of typical German fare such as *isorg-schnitzel* and *sauerkraut*, and tanks of beer.

For something more appetising - and to escape the pressure-cooker effect of Wagner's music during an extended stay - it is best to move to one of the comfortable small hotels outside Bayreuth. There is a wide range of these, each with

its own loyal band of festival regulars.

It would be hard to imagine a more relaxed setting than Würzburg, a fairy-tale village nestled into forests and hills at the edge of a sun-blessed plain 30 minutes' drive north of Bayreuth. There are a few small shops, a church with an onion-shaped dome and a well-shaded square. Life is slow, the

the Romantic Post hotel, which has been run by the Herrmann family for five generations. It has its own eight-seat Asquith old-timer run festival patrons to and from Bayreuth, and the restaurant stays open late, which saves having to gulp down an overpriced meal during the interval at the Festspielhaus.

There is nothing like several hours of Wagner for building an appetite, so the Romantic Post scores highly for having a tasty morsel - perhaps a salmon medallion, or chicken and orange segments in a creamy mayonnaise - on the table on your return. The hotel is also recommended to members of the good soup league (rich and creamy, with a particularly fine cold fruit soup), and to game and fish gourmets: poached halibut, in a paprika cream sauce with salad and rice, was one of the highlights last summer.

None of the food is as heavy as you might expect (no dumplings), and it is all beautifully presented. The local beer is

Andrew Clark visits a famous operatic venue and finds that there is more to it than just Wagner

Bahnhofstrasse, within walking distance of the Festspielhaus. They are convenient but unexceptional - rather like the restaurants, the best known of which is the Eule, in a cobbled back street near the baroque Schlosskirche. This was Wagner's "local", and the owners have traded on that fact ever since. The interior is decorated with hundreds of

its own loyal band of festival regulars.

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HOW TO SPEND IT

Furniture for a British summer - when it arrives

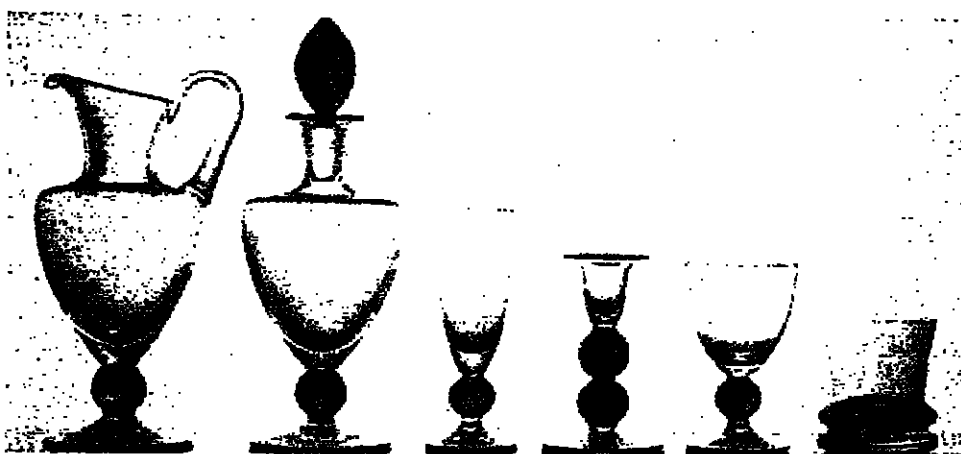
If the sun ever shines, Lucia van der Post will be ready to make the most of living outdoors

IT MAY not have been much of a summer so far and there is not much time left for the sun to redeem its reputation but it takes more than an indifferent temperature and a recalcitrant sun to send the sturdy inhabitants of Britain's temperate isles scurrying for the comforts of the soft indoors.

Whatever the sun and the thermometer get up to, the taste for eating and living outdoors goes on. The fleeting, transitory nature of the British summer seems to

give it its special intensity, making the inhabitants feel they cannot let a single day go by uncelebrated, unacknowledged.

Those blessed with hotter, more obviously brilliant summers can treat them with a casual nonchalance. For the British every day counts. So here, this week, are just a few ideas to help you delight in outdoor living, in making the most of the rest of what we have learnt to call summer...



THOUGH many of us like to search out the smaller, more intimate shops hoping for something special and surprising the John Lewis group is still hard to beat when it comes to value. This summer it has a collection of vibrant, summer tableware that is not only at least as attractive as the wares in the mere *recherché* emporia but is also very well priced.

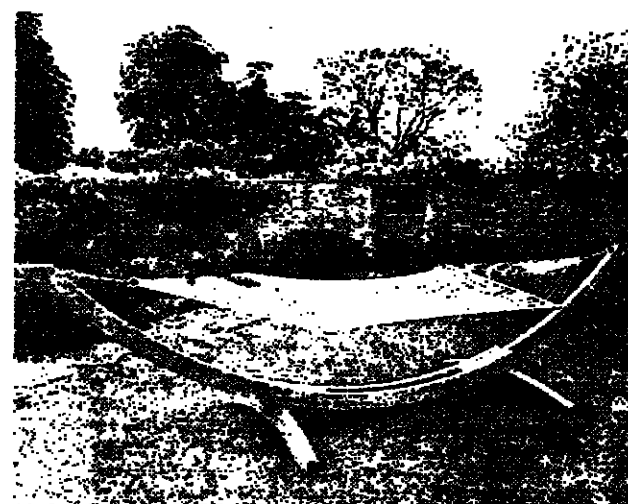
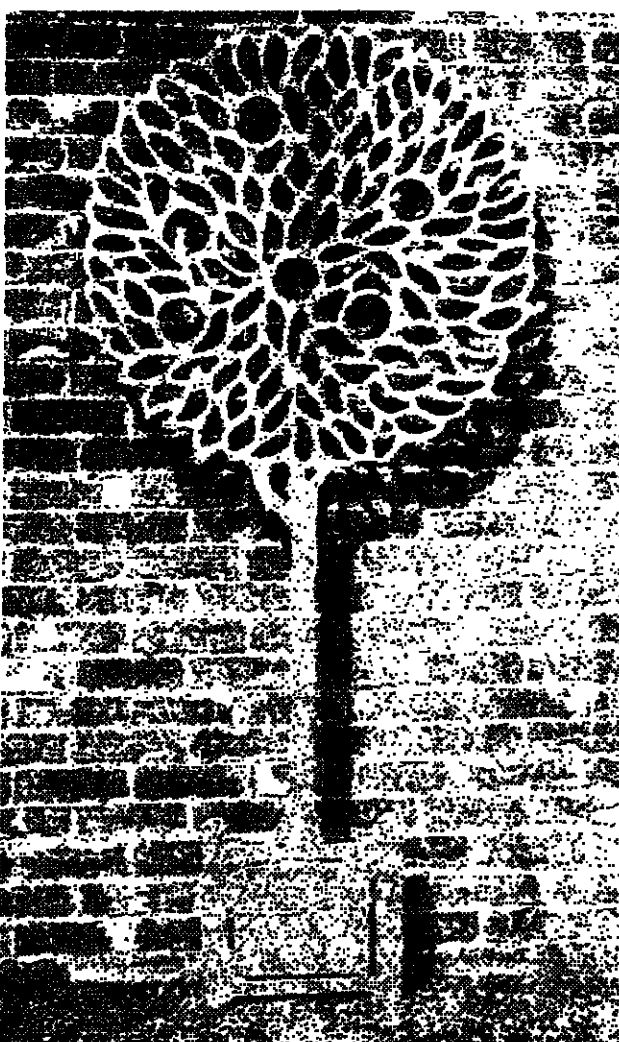
Photographed here is just some of the collection. Pictured top is some colourful glassware from Poland. Brimful of personality, each glass is

hand-painted and prices range from \$9.95 for the tumbler and the wine glass to £39 for the decanter. Jugs are £27, vases, £19.50 and £35, while candlesticks are £18.50 and £24, depending upon the size.

Photographed right is the Macedonia range of glassware. It is made in Italy and every piece is hand-painted with the seasonal fruits picked out in appropriately vibrant colours. They would especially become a summer table but look equally at home on a more formal table. Prices start at £5.50 for the small bowl, medium

bowls are £14 and the large ones £15.50. The plates, round or oval, are £15 each and the oval platter is £12.

Finally, photographed immediately above, is a collection of strongly coloured Italian earthenware which would be perfect for a seaside house. Every piece tells a fishy story - starfish, shells and seaweed decorate the plates. Plates are £8.50 and £11, mugs £7.95, the teapot, £21, a large salad bowl, £41, the oval serving dish, £39. All the pieces are exclusive to John Lewis Partnership stores.



■ FROLICS of Winchester is a small company that seems to have developed a genuinely innovative line of garden furniture that may appeal to those who have seen one too many simple Lutyens-style benches, faithful Victorian copy of a wrought-iron table or canvas-covered deck-chair. Everything the company makes is in Medex, a material developed in the US which is 85 per cent wood fibre, 15 per cent resin, and seems to be remarkably strong and versatile.

Though the furniture range boasts the standard garden pieces - benches and tables - almost all the designs incorporate some element of fun or wit. Medex can easily be cut which means that all of the benches sport pheasants (as in the photograph top left), butterflies, horses, foliage or even just simple, classic slats if that is what the customer wants. Tables can be dead simple, too or can sit on pineapple or trellis legs.

Possibly of most interest to gardeners, though, is the range of trellis known as Trellix. Instead of being built up from separate slats like most wood-based trellises, Trellix is cut from solid sheet - this not only means that it is strong but that a wide range of designs can be offered. Choose from classic diamond-shaped slats, from tiled or heart-shapes, in squares or circles.

Much sought-after at the moment is the cut-out orange-tree (photographed centre left, 6ft 8 ins high, £78, 4 ft high, £38) which was originally designed as a support for plants to grow over but which many people use as a decorative item on its own. The pieces come in black, white, sand, pale or dark green but Medex takes paint easily. Trellix costs about £5 per square foot.

Quite apart from the standard designs, the company will make tables and Trellix to special size and design. Everything is made to order and orders take about three weeks. Leaflets and more details are available from Frolics, 82 Canon Street, Winchester, Hants SO23 9JQ. (0962-856384).

■ RUSCO is the garden accessory company that first made its name by offering us the simplest, most pleasing of all parasols in plain cream calico and wood and now offers lots, lots more. Anybody with a garden still unfurnished could write to Rusco marketing, Little Farlington Mill, Lechlade, Gloucestershire, GL7 3QQ for its mail order brochure.

Two of its newest products are shown here. Immediately above is a bit of a folly - the gazebo, ideal for protection from the sun, should it ever

show its proper face, and rain but also for providing a focal point in larger gardens. Those who are allergic to any form of do-it-yourself should note that it comes in kit form. There are several different sizes ranging from 3 metres by 3m to 7.6m by 3.8m and prices start at £762.50.

Photographed above the folly is the answer to all those who dream of languishing in a gently swinging hammock but lack a suitable tree - the free-standing moonbeam hammock stand. Again, it comes in kit form. The stand

measures 15 ft from grow to stem. The stand costs £495 and the hammock bed is £114.

Finally, photographed above right is a small rocking deck chair - hand-made in maple wood. It folds flat for easy storage. Designed by a British Army major who wanted something comfortable to sit in on warm Indian evenings, he calls it the Rocking D'Egg Chair and sells it for £87.50 (plus £3.50) by mail from Big Egg Designs, 108 Wyatt Park Road, London SW2 3TE. (Telephone 081-670-3048).

Off the scrapheap and into fashion

JAKKI MOASE describes her range of products as made from 99 per cent recycled materials. "I buy in earring clasps - it would be unhygienic to do otherwise - and some wadding for our quilts," said the environmentally-conscious founder of Scrap Scrap, which she started in July last year after deciding that life as an accountant at the Carno, Wales headquarters of the Laura Ashley company was not for her.

Jakki's range of quilted bedspreads, duvet covers, hats, caps, cushions, candlesticks, bags and jewellery have caught the attention of another environmentally conscious person - no less a personage than the Prince of Wales.

His Youth Business Trust granted her a low interest loan of £1,800 to help produce her first mail order catalogue and a few weeks ago Jakki met the Prince himself on one of his forays into her part of the country, Shropshire.

To celebrate the Prince's tenth - and tin - wedding anniversary, Jakki gave him one of her tin can candelabra. She makes them, together with her boyfriend, Mike Pogson, from old cat meat cans, hand-mixed into shape, fired, and then smeared with petroleum jelly to prevent rusting before being decorated with chains made from similarly treated nails and screws.

The Scrap Scrap cat, Rufus, is getting fat for, like most of Jakki's products, there has been no lack of orders following the craft fairs she has been to up and down the country. He is also never short of milk, for pieces of old plastic milk cartons form the peaks of the baseball caps made from scrap silk. Some of her earrings are made from patterned material

stuck on to a plastic base of recycled milk carton. Another 8,000 are due to be fashioned from the shell of Mike's old caravan, which will save him transporting it to the scrap heap.

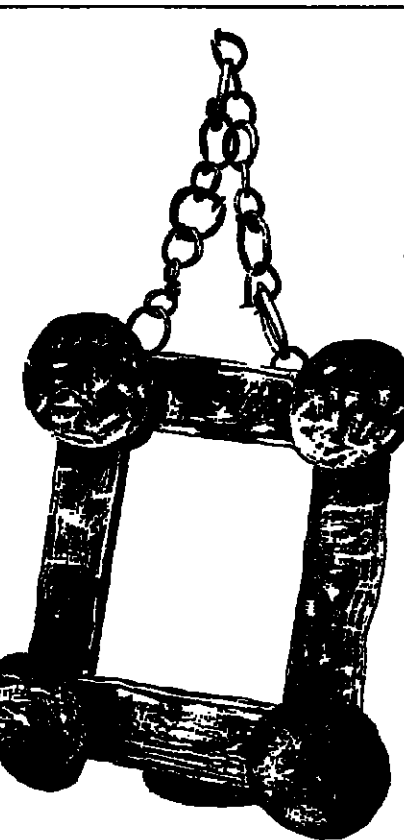
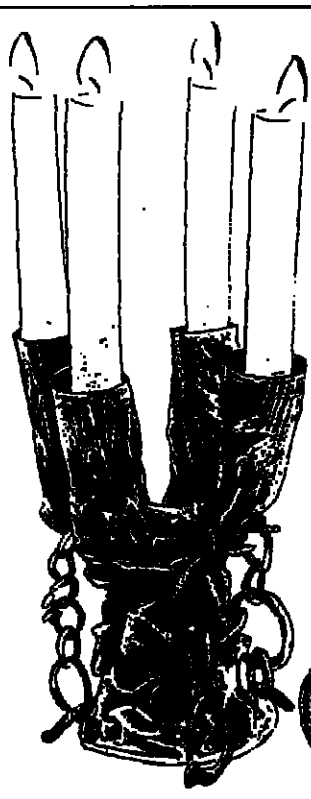
"I have always been fascinated by rubbish," says Jakki, "and I suppose I am obsessed with a dislike of seeing perfectly good materials just thrown away."

"When Mike and I both realised that life in accountancy was not for us, it seemed clear that we should form Scrap Scrap. I collected a huge pile of cast-off textiles and started making things in my flat in Shrewsbury. The first things I made were patchwork quilts from old garment pieces. Then I started my bridal duvet cover service, making patchwork covers and bedspreads, working into them pieces from the birds-to-be's discarded dresses and old torn shirts belonging to the groom."

This not only saves wasting fine materials but turns what could be a utilitarian piece of bedlinen into living, personal history. It was an immediate success and she took the idea even further by also turning wedding dresses into bedspreads.

Other things soon followed - patchwork cushions and beanbag covers, hats made from scraps of silk, velvet, leather and hessian, tufted rag mats, bags and rucksacks made from jute sackings bought from rag merchants, and the jewellery and tin can items.

All sorts of surprising things can be rescued and recycled. Zips, buttons and buckles are salvaged from the hundreds of printed cotton dress that Scrap Scrap is given. Jakki buys in other essential pieces such as silk offcuts from design and



From old tin cans, cast-out fabrics and anything else she finds, Jakki Moase makes candelabra, mirrors, earrings, silk jockey caps and quilted bedspreads. Sketched here are some of her products.

fashion houses as well as some leather pieces.

Even the display units for the exhibition stands are made from recycled materials - chicken wire, old scaffolding poles and exhaust pipes welded together.

Scrap Scrap has been going for a year and though Jakki works very long hours, only stopping to go out buying or to take her wares to the craft fairs, she can no longer make everything herself. She now has a full-time assistant and five part-time outworkers. A full-time machinist is also just about to start.

Jakki is a committed conservationist. She believes deeply that using fabric, properly laundered, from garments thrown out but not yet worn out, is well worthwhile. She

aims to do two things at once - to cut down waste and to create new, useful and exciting things. Scrap Scrap aims to prolong the life of many wasted resources - in simpler words, it aims to reduce the piles of rubbish and produce things that people actually want.

Scrap Scrap products are sold at many craft fairs. A mail order catalogue is available from: Scrap Scrap, Unit D4, Maw's Craft Centre, Ferry Road, Jackfield, Shropshire TF8 7LS. Tel. 0952-883522.

Clive Fewins

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SPORT/MOTORING

Cricket/Teresa McLean

England must learn the confidence trick

NO ONE COULD accuse Chelmsford of being a beautiful ground. One side is edged by the murky river Chelmer.

It boasts views of trains going past, out-of-season football floodlights and, last weekend, the West Indies playing their last county match of the summer. The ground was full and a good number of the spectators watched all three days of play.

It was a chance to see the West Indies playing for fun and for practice, free of pressure, giving Pat Patterson, Courtney Walsh and Malcolm Marshall a rest before the last Test. This sort of game is not always an attraction, but Essex fielded a strong side and the West Indies were captained by the ever popular Viv Richards, with their bowling led by Curtly Ambrose, who looked as if he neither wanted nor needed a rest. People were enjoying it before it even started.

Ambrose bowled with his customary sparkle, taking 4-29 in 14.5 overs on Sunday, when Essex struggled to a first innings total of 249, then 1-4 in 7.5 overs on Monday, when Essex got 136-4, seeing no point in pursuing the 336 at a run a ball they had been set to win.

Playing for survival was a pity: it is often more dangerous than playing for victory, but it was understandable. Kent are the only county that have come within striking range of the West Indians this summer. They did it by playing with panache, going for broke because they had little left to lose in a poor season. Kent came within five runs of beating the tourists and reducing their bowling attack to a human level.

Last Sunday Graham Gooch walked until five wickets had fallen before coming out to bat, so he could see what shape the innings was taking and what needed to be done. He batted confidently, firmly and cautiously. He did not intend to



Best feat forward: Vivian Richards and a team-mate take a breather on the West Indies captain's final, triumphant, tour of England

lose. He takes captaincy seriously. It was interesting to see how easily he handled the reserve pace attack of Ian Allen and Hameesh Anthony, the medium-pace seam bowling of Phil Simmons, with its sudden surprising variations of pace, including the occasional whippy bouncer, and the off-spin of Carl Hooper and Viv Richards. It was Ambrose who did him in.

Gooch was caught behind for a fine 66, falling into a trap set by Ambrose in his second spell. After watching Gooch score freely all round the ground off the other bowlers, Ambrose moved the odd ball away from the bat, late, looking for the edge. Gooch gave it to him.

Instead of trying to take the initiative, he went along with the one offered to him. He hardly moved his

feet and flicked the ball, as it whistled past him, into the gloves of David Williams behind the stumps. It was a more competent version of many an English batting collapse this summer.

The Trinidadian Williams kept wicket dramatically. It is hard not to be dramatic if you are as tiny as Williams, who stood up boldly to Simmons as well as Hooper and Richards. Next and fifty, he peered over the balls, got airborne before every catch and despatched his victims in high-flying style.

The rest of the West Indian fielding was more leisurely. When Hooper came on to bowl, Richie Richardson moved out to the boundary. There he set about furthering Anglo-Caribbean relations. Lance Gibbs, the West Indies' manager,

told me how good those relations have been throughout the tour. "It's been extremely well fought and clean. I've had letters congratulating the West Indies boys for the way they have played their cricket and signed autographs for young lads."

This has not always been a West Indian strong-point, but Richardson did not wait for a break in play to do his share of the good work. Learning against the boundary fence, he wrote his name on programmes, toy bats and sun-hats while the fielding was undemanding.

When his admirers had got a signature, they stayed for a close look at his sun-bat. It is a washed-out object, like a tired tomato. But it has acquired public appeal.

Ian Botham will have every sympathy for Richardson. Journalists and broadcasters have determinedly worked at turning Botham into a national tough guy and hero, especially with people uninterested in cricket. When his name was announced at Chelmsford as one of the England squad for the last Test, there were cheers, boos and sighs, including: "That's the stuff! Bring back Mags! Bring back Botham!"

It is to Botham's credit that he has tried to discipline his cricket, in particular his bowling, rather than let it be shipwrecked as a crude old weapon of bankrupt patriotism. The selectors have not helped him by picking him at times of crisis. Like this one, with England needing to win the last Test to level the series.

But then the selectors are not subtle. Their most crass decision

this time was to replace Jack Russell with Alec Stewart, which cannot even be justified as part of the misguided old policy of preferring a batsman who can keep wicket a bit to a wicket-keeper who can bat a bit. Stewart is a brilliant close fielder, not wicket-keeper, and his Test average with the bat (32.41) is lower than Russell's (32.85). Russell has kept well throughout this series, to the ever-changing collage of English bowling.

The West Indians at Chelmsford laughed and shook their heads when they heard the selection. "Thanks. You help us."

Gibbs also felt that England were their own worst enemies and that the West Indies had got ahead in the series because they had been allowed to. "The tour has been pretty close, you know. At Edgbaston we were 2-3 in our second innings, in real trouble, and you let us make a come-back."

This, he thought, was the turning-point of the series, which England failed to turn to their advantage. Everyone knows that England need a world-class pace bowler, a left-hand/right-hand batting combination to unsettle fast bowlers, a solid opening partnership and batsmen confident enough to go to the wicket assuming they will take the bowling apart.

But they do not always realise that they have the makings of all this already. What England lack is the killer instinct which attacking players like Robin Smith can provide in life-saving doses, as Smith did at Lord's. For Smith, the best way to save is to kill. The ideal is efficient aggression.

What England need are not endless team changes or management pep talks but a strong dose of aggression. It served Kent well against their mighty opponents at Canterbury. When you're dying, do-or-die is worth a try.

Head in the clouds

AT WELL over two miles a minute (140 mph, or 225 kmh), driving the new Porsche 968 Cabriolet on the autobahn was like hedge hopping in a Tiger Moth - but quieter.

Considering that air was flowing past the windscreen at hurricane speed, the Porsche's leather and carpeted interior was miraculously tranquil. Maps were in no danger of being sucked out by the airstream. After a morning's topless motoring, I still had a parting in my hair.

When the motor industry is spending fortunes on making its products as aerodynamically slippery as possible, a fast open car is completely illogical. Take the top off and the drag curve zooms up almost vertically.

As I drove the 968 I told myself that sensible people with more than £40,000 to spend buy large saloons with lush-fitting, double-glazed windows and air conditioning, not small cars with folding fabric tops. Cruising on the autobahn, the only sound they need hear is the perfection of a Mozart concerto on the CD player.

They are right. But they would miss the pleasure of open air motoring. Drive topless and you are keenly aware of your surroundings, not isolated from them. You notice smells: hay being turned, the dampness of dark woods, a cottager's meal cooking - and the pong from the carefully squared-off roadside middens that made farmyard manure the characteristic scent of most of the villages I drove through in southern Germany last week.

Not all the new Porsche 968s are cabriolets. There is also a hardtop which is expected to take a majority of sales. Although the 968 is a genuinely new model, its evolution from the 944 is obvious. It has a 3-litre, 4-cylinder, 16-valve engine developing 240 hp and 200 lb ft of torque (pulling power) than any other non-turbocharged unit of its size. Oddly, it is mated with a new 6-speed gearbox; oddly because odd would have thought that the more strongly an engine pulls over a wide speed range, the less need there is for gear shifting.

So it proved. It was often simpler to cut out an intermediate gear and go directly from third to fifth, or fourth to sixth. The 6-speeder is a sweet gearbox and, considering the torque, the clutch is very light. For me, though, the best transmission is the optional 4-speed Tiptronic, even though it will add about £2,000 to the price.

Tiptronic, a Porsche development first seen last year on the Carrera 2, combines the advantages of automatic and manual transmission. It lets the 968 be driven in traffic as easily as any other two-pedal car. But whenever you feel like it the transmission selector can be used as a clutchless manual shift. A slight forward or backward movement of the lever then gives instant upward or downward changes under full power.

Although it has Mitsubishi (or for purists with long memories, Lanchester) contra-rotating balance shafts, the big 4-cylinder engine does not have the smoothness of a V6. It is lumpy when pulling hard at low revolutions, a bit thrashy when the tachometer needle swings past 5,500 rpm.

Handling and roadholding are what one expects of a Porsche. The limits are so high one could not responsibly get near them on a public highway.

Compared to surprisingly good for a car with such ultra-wide tyres, the 968's new Michelin MXC3s are the same size as the elderly Pirellis on the 944 Turbo that joins me so much in Britain last month. Germany's super-smooth road surfaces clearly helped but much of the credit belongs to the tyres. Michelin invested millions of pounds on a Cray supercomputer for the benefit of its tyre designers in the MXC3, it shows.

From the front the 968, with its pop-up headlights staring skywards, looks rather like a 928. Its ABS brakes are extremely powerful, the power-assisted steering is very light and the two rear seats are as usual in so-called two-plus-two's, a joke. Their main function will be to serve as an overflow from the boot, which is so shallow it barely takes one really large suitcase.

The 968 will go on sale in Germany later this month at DM98,000 (a little over £31,000) for the hardtop. When it reaches the UK next spring with right-hand drive, list prices are expected to be about 10 per cent above those of the 944 models it replaces. That suggests a hardtop will be at least £40,000, a cabriolet £46,000. Turbo versions can be expected to follow, though not for some time.

Porsche GB and its German parent must be hoping that Britain will be climbing out of recession when the 968 arrives here. Times have been hard for this small-volume, high-quality, high-price producer. In UK sales have dropped nearly 50 per cent this year against a general all-makes decline of 30 per cent. Earlier, the critically important US market, which had been taking nearly one Porsche in two, fell apart.

Asked to define what a buyer gets out of a £40,000 investment in a 968, a Porsche man replied: "Joy of motoring, exhilaration and excellent value for money. It's a long-lasting car, good for everything, use and it offers a lot of driving pleasure."

I see it as an expensive indulgence - but I wouldn't quibble about the exhilaration and driving pleasure.

Stuart Marshall

Yachting/Keith Wheatley

A special misery for the rich

the Admiral's cup series), much less an aperitif. Sandwiches can be eaten sitting on the weather vane, legs over the side, but not a roast and two veg. Helmsmen will go below for a few hours' sleep but the human ballast stays on deck.

At least one's feet do not feel the cold. The aluminium toe rail cuts so viciously into the back of the thigh that all circulation is lost below the knee. A skin condition develops around the backside.

Will, the 50-foot flagship of the Japanese AC team, has received much attention for her hi-tech specification. Even the sink is of carbon-fibre. Unfortunately for Will's crew a design rule rather than an intention to undertake catering (and hence washing-up) dictated the presence of the sink.

The current crop of Fifties are probably the most highly-evolved racing yachts ever built. They are perfect for level-rating competition over short inshore courses. Two

aces a day is the norm, with plenty of parties in the evening. Their owners did not get into yachting to look at Irish light-houses from wave level.

These boats are also extraordinarily fragile. If it blows 25 knots of wind then their spidery \$300,000 (\$175,000) masts come down like pea-sticks. At a regatta in Newport,

this morning Worthington is helming *Champosa*, flagship of the US Admiral's cup team.

One does not have to be terrified old to remember the 1979 Fastnet race. Gale-force winds hit the largest-ever fleet (303 boats) as they were strung out between Land's End and the Fastnet. Hurricane-force westerlies of over 65

knots battered the yachts as they plunged through the vicious short waves over the Labrador bank.

Ted Turner, now a cable TV mogul, then the vastly-experienced owner and skipper of the 55-ft sloop *Trancius*, remarked that he had never seen such appalling seas. Fifteen competitors drowned and 24 yachts sank or were abandoned.

Rhode Island, last year an autumn squall ripped \$500,000 worth of damage through the Fifties in an afternoon.

Kimo Worthington was skipping the US boat *Fujino* and said afterwards he "wouldn't want to take one of those mothers on the Fastnet." Either dollars or patriotism overcame commonsense for

Of course, the weather was a freak and is unlikely to recur. The Fastnet is more often a struggle of light airs and coast-hugging. But there will still be much holding of the breath among the race organisers if the glass begins to fall.

Entries for this Admiral's cup are the lowest in recent memory. Eight teams does not a world championship make. The recession is one factor, since racing at this level does not come cheap. However, the 50-ft class makes big-time racing an exercise in fun rather than despatching Her sportsmen use intelligence and plan rather than dogged rote learning.

They even have a politician in the team. Giuseppe Degennaro is the owner of *Loraghe*, the Italian Two-tonner, and represents a district of Calabria in the Italian parliament. Perhaps he was introduced to Edward Heath as a small boy and something rubbed off.

mixing of long-distance offshore racing into a professional sport where all the attention and money is directed at short inshore sprints.

"We cannot go on organising events for a type of boat that does not exist (the Grand Prix offshore yacht), to be sailed by a crew that is not interested," said Rob Weiland, a notable boatbuilder and participant on the racing scene.

In terms of the current Admiral's cup it looks very much as if the trophy may go to the Italians for the first time. The days when the Italians were admired for their clothing and laughed at for their sailing are definitely over.

From America's cup through maxi-racing to the next Whitbread race, Italy is forcing the pace in competitive sailing. The Italian economy is producing the wealth that makes big-time racing an exercise in fun rather than despatching Her sportsmen use intelligence and plan rather than dogged rote learning.

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Climbing/Roger Mears

Waiting for the mountain



Making friends: Ghazala Ahmad with a village child

summit of the mountain is a distance of more than 4,000 metres. Nanga Parbat rises high above the Indus at the westernmost end of the Himalayas, in northern Pakistan. It is said that when, in the early 1960s, the first road was forced into the Indus gorge, the engineers were offered hay to feed their jeeps. Kohistan remains the "Land of the Ungoverned." Each valley, village and family is its own master, and the Kalashnikov much of the law.

To maintain peace we were required to hire our porters from each of the four villages of the Diamir valley. Each group required its own Sirdar porter, armed with an AK47, and crossed with bandoliers. In spite of their reputation for lawlessness, also perhaps because my wife, Ghazala Ahmad, is Pakistani by birth, we have been treated with great respect and friendship.

We reached Kulu in the heat of the afternoon on the second day of the walk-in. Children joined our procession, their faces smeared with grime and snot, with arms out-

stretched for *baksheesh*, running beside us along the thin earth track between the terraced fields. One of them, a young boy of perhaps six, had arms and ankles covered in dry, crusty, black spots.

Prior to our expedition Ghazala was registrar in oral and maxillofacial surgery at the Central Middlesex Hospital, and she was quick to

banish the child from the camp. No one in this remote valley has ever been vaccinated against smallpox, we were told.

The ascent of Nanga Parbat was first attempted in 1895 by A F Mummery, perhaps the greatest mountaineer of his generation. He and two Gurkha soldiers disappeared on the upper reaches of the Diamir glacier following a bold but naive attempt on the Diamir face.

Between 1932 and 1950, five unsuccessful attempts by German expeditions claimed the lives of 19 people until, in 1953, a sixth German expedition culminated in a triumph. A slight forward or backward movement of the lever then gives instant upward or downward changes under full power.

From the front the 968, with its pop-up headlights staring skywards, looks rather like a 928. Its ABS brakes are extremely powerful, the power-assisted steering is very light and the two rear seats are as usual in so-called two-plus-two's, a joke. Their main function will be to serve as an overflow from the boot, which is so shallow it barely takes one really large suitcase.

The 968 will go on sale in Germany later this month at DM98,000 (a little over £31,000) for the hardtop. When it reaches the UK next spring with right-hand drive, list prices are expected to be about 10 per cent above those of the 944 models it replaces. That suggests a hardtop will be at least £40,000, a cabriolet £46,000. Turbo versions can be expected to follow, though not for some time.

Porsche GB and its German parent must be hoping that Britain will be climbing out of recession when the 968 arrives here. Times have been hard for this small-volume, high-quality, high-price producer. In UK sales have dropped nearly 50 per cent this year against a general all-makes decline of 30 per cent. Earlier, the critically important US market, which had been taking nearly one Porsche in two, fell apart.

Asked to define what a buyer gets out of a £40,000 investment in a 968, a Porsche man replied: "Joy of motoring, exhilaration and excellent value for money. It's a long-lasting car, good for everything, use and it offers a lot of driving pleasure."

I see it as an expensive indulgence - but I wouldn't quibble about the exhilaration and driving pleasure.

Stuart Marshall

As they say in Europe / James Morgan

Bad times on the beaches

slavia is that the Slovenes have found themselves thrown together with the Croats, whom they never much liked, while the Serbs, traditionally seen as amiable layabouts, are their enemies.

The Serbs, as seen from farther north, appear quite different. The German foreign minister, Hans-Dietrich Genscher, calls for sanctions against Serbia and the German press is almost wholly in favour of recognising the break-away republics.

The *Frankfurter Allgemeine Zeitung* carried a cartoon of a fearsome Serb, looking like a Cossack, standing over a body run over by a Yugoslav army tank, shouting: "We are stronger than the Croats." The next day, the paper ran a personal com-

ment: "The German foreign minister has outlined what Europe can do for a terrorised Croatia: impose sanctions against Serbia, recognise Croatia and Slovenia and struggle against the realisation of the Greater Serbian dream."

Even provincial papers enter the fray. The tiny *Deister und Weser Zeitung* called for immediate recognition for Croatia and Slovenia. This sudden affection for Croatia in particular is by no means traditional. The historical precedents are in fact unfortunate: the state set up by the Nazis in 1941 brought Croatia and a very unpleasant place it was, too. The atrocities committed in its name shook even the SS.

The Italian fascist journalist of the time, Curzio Malaparte, recalled his meeting with the Croatian leader, Ante Pavelic, with some horror: the dictator proudly presented a hamper containing human eyeballs. Today the Serbs hammer home the theme of German expansionism as an explanation for events in Croatia.

In France, the reaction is less fevered. *Le Monde* analysed the position of the Serbian leadership in terms that make it look quite rational. Belgrade had decided to accept the break-up of the federation but was not going to repeat the mistake it made in Slovenia when its army was rebuffed. "There is no question... of tolerating a similar situation in Croatia, and thereby abandoning 600,000 Serbs to the

neighbouring republic which has been hated since its massacres of the Second World War." So internal frontiers had to be rearranged.

El Pais of Madrid managed to fill the best part of a page with an investigation into John Major's Castilian idyll. The British prime minister is staying in the village of Candeleja. The conservative mayor, Jose Antonio Perez, was asked why the PM was taking another holiday there. "I think it is his love of nature and the quiet life. He dedicates himself to reading, wandering the rural lanes and resting."

The PM had been offered tickets for a bullfight. But he does not like

los toros. One can imagine why: what would the voters have thought of the sight of him on the 9 o'clock News cheering on a matador?

Switzerland's 700th anniversary excited little European attention, though *Time* and *Newsweek* had covered stories on the event. But it did cause a stir in Switzerland, where the *Neue Zürcher Zeitung*, which ranks high in the league table of Switzerland's most boring institutions, grew almost excited.

The events on the field of Rütli, where the original oath of confederation was sworn, were given the full treatment: two pages of dense newspaper and an extra page of smudgy black-and-white pictures. And there was the most improbable headline of the month: "Frenetic Applause for Flavio Cotti on the Rütli."

Who is Flavio Cotti? He is the president of Switzerland.

James Morgan is economics correspondent of the BBC World Service.

A little bar in Buffalo

THE LAST FINE THING IN THE VERNY KINKENBORG

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My grandfather

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BOOKS

A little bar in Buffalo

THE LAST FINE TIME
by Verlyn Klinkenborg
Secker & Warburg £14.99, 209 pages

My grandfather was the sole owner of Mary's Bar, a diner in a working class section of Detroit. Nobody remembers who Mary was - that was what the place was called when he took it over after immigrating from Greece, and he never bothered repeating it. I have often wondered why. Perhaps he didn't want to give it his recently forgotten name, gutted by an Ellis Island immigration officer wary of all those resonant syllables.

Oddities like this abound in *The Last Fine Time*, a masterful account of the immigrant experience in America. New Yorker writer Verlyn Klinkenborg has set himself the task of recreating the past, not just its facts and dates but its expectations and disappointments. He limits his scope to a single, unassuming location, 722 Sycamore Street, Buffalo, New York, a neighbourhood bar owned and operated by the Wenzek family. Within these seemingly unimpressive confines, Klinkenborg speaks volumes about the greatest of human migrations.

Thomas Wenzek was a Galician peasant who immigrated to Buffalo from a crumbling Austro-Hungarian Empire in 1906. It was a remarkable time to come to Buffalo, a commercial boomtown that epitomised budding American capitalism. Promises about progress were the linguistic currency, the time was for getting things done rather than just muddling through - "There was Old World time, and there was New World time," explained when passing from one to the other. Wenzek eschewed the factory jobs that his peers took, deciding to risk opening a "workingman's bar," the Thomas Wenzek Restaurant. Although he tried to adopt the ethos of the time, "from retained obligations to the world his taste for boiled calves' brains, his severe V-shaped haircut, his tendency to lapse into demotic German."

There were no such lapses for Tom's son Eddie who took over the bar after the Second World War. He remained and remodelled it, lending it a "postwar" feel. The new steel fixtures and swing tunes, aiming for a swankier crowd than his dad's old stalwarts. Only it didn't quite work out for Eddie. The malaise that gripped America's industrial cities ran in the way. As the steam ran out of the industrial revolution, the old ethnic communities dispersed to the suburbs, making room for Southern blacks, driven by despair rather than hope, to swell neighbourhoods like Sycamore Street. Eddie held on for as long as he could, but the dream fell apart. He too moved to the suburbs, working odd sales jobs and raising the daughter who was to marry a writer called Klinkenborg.

The Last Fine Time is an evocative story, detailing the immigrant experience with precision. Turn-of-the-century America possesses a mystic faith in progress, the old ethnic communities dispersed to the suburbs, making room for Southern blacks, driven by despair rather than hope, to swell neighbourhoods like Sycamore Street. Eddie held on for as long as he could, but the dream fell apart. He too moved to the suburbs, working odd sales jobs and raising the daughter who was to marry a writer called Klinkenborg.

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This book's unique strength lies in the empathetic understanding of the immigrant experience. Klinkenborg's eye for significant detail, such as how Eddie's dream date with Miss Buffalo derailed after she describes her job as a make-up assistant for a mortician. Klinkenborg concludes his account of the Wenzeks' compromised American dream with a chapter on Niagara Falls, waiting just downstream for city dwellers who take a wrong turn. It's a fitting reminder of a nation whose boundless hope has always been balanced by an equal potential for plummet.

Perhaps the most poignant image Klinkenborg conjures is of Eddie in the mid-1960s, on his lap, waiting for looters who might spill in from a race riot. My relatives speak of similar stories in Detroit, and, as I read about the last days of the Wenzeks' place, I couldn't help but wonder what has become of Mary's Barbecue. Perhaps it really is run by a Mary, granddaughter of slaves, maker of some of the best soul food going; a friendly, wise woman whose brown eyes bear a strange, battered resemblance to my grandfather's.

Stephen Amidon



Much-married muse

Jackie Wulschlager looks at a new biography of Alma Mahler

IN 1901 a young music student called Alma Schindler was torn between two suitors. One was her teacher, the conductor Alexander Zemlinsky; the other was Gustav Mahler, then 41 and director of the Vienna Court Opera. Plumping for Mahler, she agonised, "What if Alex becomes great?" while to her new husband she explained that should she meet a more talented man, she would "have to love him" instead.

As wives of geniuses go, Alma Mahler out-did the best of them. Married to Mahler in 1902, she was widowed in 1911 and became in quick succession Frau Gropius, wife of architect Walter Gropius, then Frau Werfel, wife of poet-novelist Franz, almost becoming Frau Kokoschka along the way. What a bulging wallet or a fast car do for some women, creative talent did for her.

Few non-artists have been at the heart of so many musical, literary and artistic movements this century, and more inspired as many works. Mahler's Eighth Symphony, Berg's opera *Wozzeck* and a Hans Pfitzner string quartet are dedicated to her; Kokoschka's *Bride of the Wind*, which he thought "the masterpiece of all Expressionist endeavours," was painted for her, and she was muse and friend to Klimt, Schoenberg, Schnitzler.

How did she hold them all in thrall? At the first whiff of indelicacy, Mahler sped across Vienna to console Freud and was told: "She loved her father and can seek only his type. Your age is just what attracts your wife. Don't worry..." Emil Schindler, a landscapist, gave his daughter a sense that the artist was a Nietzschean superman, and she wrote songs

THE BRIDE OF THE WIND: THE LIFE OF ALMA MAHLER
by Susanne Keegan
Secker & Warburg £17.99, 346 pages

until a marriage pact with Mahler exacted a promise never to compose again (the thought wifely competition "degrading"). Instead, she flung herself into Viennese artistic life; Mahler discussed the finer points of composition with her, and she became something of a cultural icon: "You are the woman, I am the artist," wrote Kokoschka.

Susanne Keegan moves deftly across the artistic playground that was pre-war Vienna, painting it as an expressionist equivalent of Medici Florence or Periclean Athens: hotbedded, buzzing with a sense of belated new ground, passionately serious. "I saw your very soul naked, stark naked. I saw a man in torment struggling towards inward harmony," says Schoenberg to Mahler, on hearing his Third Symphony, while Alma takes to her bed for days with the "emotional upset" of discovering her daughter prefers Bach to Wagner.

These heightened sensibilities could not go walking on forever, and one of the fascinations of this biography is the unfolding of Vienna's decline - in the aftermath of the First World War and then with Nazi occupation in 1938 - as a backdrop to Alma's life. When the end came, she proved as strong and practical as a horse, dragging her third husband, Jewish author Franz Werfel, across France just hours ahead of the invading Nazis and, aged 60,

trekking illegally over the Pyrenees to reach Spain. Portugal and a passage to America. Alma had two Jewish husbands and yet she is best known, apart from her beauty, for her anti-Semitism. Safe in California, her vitriol resurfaced. "I know for a fact that the camps have excellent medical care and that the Red Cross is conscientiously watching over the well-being of the prisoners," she told Jewish guests at a tea-party in 1944.

Keegan excellently puts her views in their Viennese context, explaining why Jews were so successful in the cultural flowering of one of the most traditionally anti-Semitic cities in Europe. "I decide who is a Jew," Karl Lueger, anti-Semitic mayor of Mahler's Vienna used to say when he dined with Jewish artists: for many Viennese, including Alma, creative ability "excused" Jewishness. Yet Alma married Gropius to conceive "a child of Wagnerian purity" and accused her own daughter by Mahler of "miscegenation," naming her "the bastard." "Alma could be hard, ruthless, even cruel - it was part of her Nietzschean credo that a superior human being had to be that way - but she was also very feminine, very Viennese," wrote a friend.

Her autobiography (1959) is a proud, saccharine romance ("My life was beautiful. God gave me to know the works of genius in our time before they left the hands of their creators"), as publicly invincible as Queen Victoria. But diary extracts suggest pragmatism, fear and manipulation as well as love.

All three husbands come out of her better than she does (though Mahler reading Pains could to ease her labour pains

must have been hard to bear). She deceived them all, goaded Kokoschka off to the war (where he was severely wounded) to be rid of him, while Werfel, with whom in the autobiography "no greater intensity seemed possible. We were one soul," becomes in the diary "the small, hateful, corrupt Jew." In her last years - she died in 1964 - Alma was a blousy Grande Dame, putting away a bottle of Benedictine a day. Thomas Mann, asked why he sought her company, replied "She gives me partridges to eat, and I like them."

To define from outside how the muse worked is as hard as to fix the moment of artistic creation, so inevitably Keegan's attempts at explaining Alma's power are vague. On this account, though, nothing in Alma's influence on any of her husbands compares with, say, the effect of Nora Barnacle's speech on Joyce's writing and the character of Molly Bloom, as demonstrated in Brenda Maddox's biography *Nora*. It will be interesting to see if Françoise Giroud's *Alma Mahler, or the Art of Being Loved*, due in October, has anything to add on this score.

Here, I could have done with greater synthesis between facts and opinions derived from Alma's autobiography and those, often contradictory, in other memoirs and archives thrown up by Keegan's research. Instead, critical judgements get an airing, then are whitewashed away. Keegan tends to romanticise both subject and period where a more incisive analysis would have enormously enriched her account. But her lively fascination with Alma carries the day, and *The Bride of the Wind* is a splendidly engrossing tale.

Crime / William Weaver

The sleuth follows a tortuous trail

AS ALL murder fiction readers know, the much-admired author Amanda Cross is a real-life biographer. In the *Humaniities* at New York's Columbia University. This double existence no doubt means that Professor Helbrun is an entertaining, provocative teacher; it also means that Amanda Cross usually writes a bookish, wry kind of novel, usually focused on some academic or literary crime. Virago have just brought out a brand-new Cross - *The Players Come Again* - and at the same time have reissued an earlier work, *Poetic Justice* (1970). In paperback. Both novels - like all other Cross books - have Professor Kate Fansler as their protagonist.

In Agatha Christie's peerless *Cards on the Table*, the author's delightful alter-ego, the murder-story writer Mrs Ariadne Oliver, complained bitterly about having saddled herself in her first book, with a Finnish detective whose burden for her. Christiesans naturally deduced that the Mistress herself would occasionally of Poirot's little grey cells and Miss Marple's striking blue eyes. Tedious but inevitable repetition must be one of the occupational hazards of writing this kind of fiction, with a fixed heroine, and in Cross's latest there is some evidence of creeping boredom.

Clearly, this book attempts to break away from the confined academic setting of its predecessors. In fact, right at the outset, Professor Kate takes a leave from her university in order to work on a biography, and rather than an ordi-

nary murder mystery this new Cross becomes more of a quest narrative: a would-be biographer's search for the real story of the subject's life, sifting contradictory evidence, interviewing reluctant survivors, puzzling over raw documents.

The classic in this genre is *The Quest for Corvo* by A.J.A. Symons, which Professor Helbrun has no doubt read. But, while Baron Corvo was a genuine man of mystery, a scoundrel, perhaps a genius, who moved from British monastery to Venetian lowlife with unflinching panache, Fansler's subject, though we are told he is also a genius and a scoundrel, sounds simply like a cad, and his life is fairly uneventful.

Emmanuel Forx, the subject of Fansler's projected biography, is an English writer who lived in France, flourished between the world wars, and wrote at least one masterpiece. But Forx remains always in the background, while the foreground is occupied by various members of his extended family. The kinships are complicated, but not terribly interesting; and the final revelations, whether the reader has expected them or not, do little to enliven the pages.

As if to make up for this essentially dull story, Amanda Cross has complicated her writing, embellishing it beyond acceptability. Sentences are never allowed simply to flow, but may be cluttered by long parentheses, separating subject from predicate, predicate from subject, and so on. This will not, as the Avalon Foundation Professor might phrase it, do.

Reverend *Poetic Justice* in the light of this later work, one is relieved to find again more fluent prose and tighter, imaginative plotting, but even here, closer inspection produces some unwelcome surprises. Kate Fansler waxes indignant when a colleague uses the word "finalise", but then she - or Amanda Cross - commits the equally deplorable sin of using "presently" to mean "at present". And what about the sentence: "... why has misrule and horseplay brought you to such a state...? American copy editors are often rightly considered nit-picking nannies; but they can prevent such little disasters and Virago might profitably put a "position open" advertisement in the *New York Review of Books*.

Recurring sleuths and busy Chief Superintendents now come in almost every shape and size, some more enduring and endurable than others. David Williams's banker Mark Treasure seems present appearances in *Treasure* by Post, Macmillan) is just enough and not too much - of an individual: cultivated, something of an expert on Victorian architecture, happily married to a not-to-famous actress, conservative, with a touch of the snob (murder fans dearly love a lord: remember Winsey). Treasure has no real problems of his own to distract us from the problems of the others who call on him for help.

Similarly, Antonio Fraser's *Jemima Shore*, though she certainly has a rich, carefree personal life, never lets our attention stray from the main plot, though Jemima does not figure in all the deftly-turned stories in Lady Antonio's latest collection (*Jemima Shore at the Sunny Grave*, Bloomsbury), the ones in which she does appear are certainly the most enjoyable.

In Robert Richardson's latest *Angus Maltravers*, using, not even in the *Blood* (Gollancz), the detecting playwright has to deal with an over-convoluted story, told, irritatingly, from more than one point of view, and mostly set in the past, thus requiring time-shifts. But Maltravers is as smart and entertaining as ever, and he outshines the mystery.

Melissa Craig, the canny and vigorous crime novelist who is the protagonist of the novels of Betty Rowlands (the second, *Finishing Touch*, has just been issued by Hodder & Stoughton), is a far cry from Mrs Ariadne Oliver, but still within recognisable Christie territory: a cottage near a village, gossiping neighbours, domestic evil. Melissa, too, is an engaging, human heroine, and so far, she - or rather her creator - knows how much space she can occupy in the story.

Several weeks' reading devoted only to imagined crime can induce brain-deadness, but there are always some reliable practitioners who never fail to cheer and fascinate. After having published more than 60 novels, Elizabeth Ferrars has not lost her sure touch, her keen eye, her perceptive heart. Danger from the Dead, just out from Collins, is an expected pleasure. Meanwhile, for those who still have to catch up on their Ferrars (lucky they!), Constable are bringing out a series of reprints of her earlier works: the eighth to appear is the neat *Alibi* for a Witch: it dates from 1932 but is as fresh as today's paper. No, fresher than.

More book reviews, page X

Many faces of Fred

THE LIFE OF E.F. BENSON
by Brian Masters
Chilton & Windus £17.99, 324 pages

Victoria, was the first headmaster of Wellington, then was the first Bishop of Truro in 1871, and Archbishop of Canterbury in 1932. Fred grew up against the background of these institutions.

The Benson family talent for writing was shared in equal measure among parents and children; not least Fred who in 1940 was the last of the brood to die. By the end he had published some 100 books, a great deal of fiction but also memoirs of Edwardian England (*As We Were*, Final Edition) and several biographies of people as diverse as Alcibiades and Charlotte Brontë. Although the Bensons scattered in later life, to pursue their various careers, Fred living in London in Brompton Square as well as Rye, they remained a self-contained family, always reacting strongly to each other's behaviour. Martin, the oldest brother, possibly the most brilliant, died young, as did Fred's older sister, Nelly. Hugh crossed over to Rome, became a Monsignor, and tangled with Fr. Rolfe (Baron Corvo) who penned a malicious portrait of him.

Fred's brother Arthur - A.C. Benson - became Provost of Eton and Master of Magdalene College, Cambridge. He too

was a prolific writer. His bland prose, in books like *From a College Window*, popular in their day, has not worn nearly as well as Fred's tart sentences, but at least Arthur attained lasting fame as the author of "Land of Hope and Glory." He also left behind in manuscript a fascinating diary 5m words long which has still not been published in full.

It emerges from this new biography by Brian Masters that the antagonism between Fred and Arthur was happily transformed into renewed affection at the end of Arthur's life. This writer takes yet another view of the Bensons - a Fred-eye view of the family as a whole. Masters must be congratulated on the skillful way in which he keeps Fred's career in the foreground but never loses track of the doings of his siblings. He gives a heart-rending account, for example, of Fred's relations with his sister Margaret, who suffered acute paranoia induced by the passionate friendship between their mother and Lucy Tait, daughter of another archbishop. None of the archbishop's children married but, as Masters shows, they led complicated emotional lives. Fred, who sometimes dealt with schoolboy crushes in his novels, had several close male friends like Francis Yeats-Brown, the author of the best-seller *Bengal Lancer*. Fred rented a house on Capri when it was a gay refuge before the First World War. He loved the carefree life on the island, was friendly with the notorious John Ellingham Brooks but, unlike Norman Douglas and Maugham, he did not have love-affairs there (or at any rate, none that anyone has been able to discover).

Masters is an experienced biographer who writes engagingly. His previous books include the life of Marie Curie, whom he identifies as the model for the siller traits in Lucia as well as for the character of Susan Long, the novelist in Benson's *Secret Lives*. All Bensonians should welcome this fresh, enjoyable and perceptive biography.

Profligate: E.F. Benson

Anthony Curtis

Mapp-maker on a small scale

DESIRABLE RESIDENCES AND OTHER STORIES
by E.F. Benson
Oxford £15.95, 278 pages

town life may not rank high on the literary scale, but it will ensure that he is not entirely forgotten.

The commercial trappings of modern literary reputations - television adaptations, radio readings, paperback reprints - are also now posthumously his. And there are, apparently, not just one but two appreciation societies ensuring that the creator of Mapp and Lucia will be remembered.

Desirable Residences, the latest anthology of Benson ephemera, edited by Jack Adrian, is representative not only of Benson's professional

understanding of his market: it carries with it the aroma of a time when periodical stories like these were the nearest that most readers in Britain came to "literature" and a time when literature was expected to entertain. Here we have, in Adrian's classification, "spook" stories, "crank" stories, "society" stories, and "cruel" stories.

They are competent enough productions, but no more than competent. Benson's admirers will not care about that, for also included are two hitherto unknown stories featuring Dodo and one featuring Miss Mapp. They are hardly neglected masterpieces, though that, as the members of both appreciation societies will no doubt insist, is not the point.

Peter Keating

BEYOND THE WALL, THE JUNGLE BEGINS.



Len Deighton's MAMISTA

AVAILABLE THROUGH ALL GOOD BOOKSHOPS. £14.99.

CENTURY

BOOKS/ARTS

A good husband on the side

Andrew St George on a painter in eclipse

ON October 10 1893, the Victorian painter Ford Madox Brown was buried next to his wife and two sons in St Pancras cemetery. Even in death he has been pushed to the side of his own life. The headline is now aslant and overgrown, it carries an Italian epitaph. The inscription represents Brown exactly: adjacent to the art establishment and to his wife, a semi-detached Englishman, publicly out of kilter and out of favour. Yet he is remembered for his best and quintessentially Victorian pictures, *Work and The Last of England*.

Brown was born in Calais in 1821, trained at Antwerp, Paris and Rome, and landed in England in 1845 to become one of the dynamo of the Pre-Raphaelite movement, although never a member of the Brotherhood. Likewise, he was never a Royal Academician, and failed in his long struggle at academe when he was passed over for the Slade Professorship at Cambridge. But a more Victorian painter he was to become: an assiduous snapper-up of patrons, and the most loyal of friends to Gabriel Rossetti and William Morris.

He was also a devout family man. His first wife had died young in 1847. His second set about dying slowly through protracted drunkenness and tantrums; coping with her, and with the heat and noise generated by Rossetti (with Elizabeth Siddal and then Jane Morris), absorbed much of his energy in the 1850s and 1860s. Brown had a Johnsonian determination to let no particle of time fall useless to the ground;

FORD MADOX BROWN AND THE PRE-RAPHAELITE CIRCLE
by Teresa Newman and Ray Watkinson
Chatto & Windus £30, 236 pages

he had a lifestyle which guaranteed he would fall short of his own expectations. So his diaries, the main source for this biography, are crammed with exhortations to do more and waste less; and while he began work at 7am, his day was invariably punctuated by domestic broils and periodic "nervous disorders of the brain" - or depression.

The pattern of this life - rented houses in Finchley, Hampstead, Fitzroy Square, exhibitions where he could arrange them - meant that his paintings took years to finish: *The Last of England* (painted outside for evenness of light) was four years, *Work* took 13. He made a bargain, considering I am not Mr Frith (who specialised in communal tributes to the Victorian status quo). But he enjoyed meeting deadlines, and some of his most impressive work was done in haste for the great Jubilee exhibition at the Crystal Palace in 1861.

He plundered English history and literature for subjects and the English landscape for settings. In the 1850s he produced some haunting landscape paintings, including a luminous harvest scene at Hendon and a pastoral sheep-scene with Clapham in the background. He followed Ruskin's advice to "go to

nature in all singleness of heart", although he never wrote a manifesto and was never formally a Pre-Raphaelite, he designed furniture, fabrics, ceramics, glasses and washstands, always with an unimpeachable design canon: "Let the thing appear only that which it is; it will not lack dignity if it is only good of its kind and well made."

Brown's own kind and well-made life had equipped him with vague democratic and republican sympathies and a regard for the workers and street people whom he often used as models. Personally, he was far too profligate with his time, over-indulging his friends, wanting to be liked. Above all, his life ran parallel to the course it should have taken: he was always coming about or looking back to where his contemporaries were heading.

This is the first 20th-century biography of Brown, and it is welcome enough. The content is basic and reliable. Teresa Newman and Ray Watkinson write lightly and present Brown clearly, but they fail to deliver the analysis of his aesthetic and social environment which would show what motivated him or what gave pleasure or anger. The book suffers from being woefully over-priced because it has been over-produced. Every page is printed on heavy high-quality art paper to accommodate nearly 200 plates of pictures and drawings. Coffee tables and library shelves throughout the land will need buttressing.

Beneath the veil of that sweet city

MIDDLE East politics are appropriate to the complexity of their complexity. Simin Daneshvar's *A Persian Requiem*, originally published in 1969 and apparently the first novel to be written by an Iranian woman, goes a long way towards deepening our understanding of Islam and the events leading up to the 1979 Revolution.

The book is set in the small town of Shiraz, "that sweet city of birds and flowers" in southern Persia, during a period of British occupation in the last years of the Second World War. The central characters are a young man and woman who are struggling to survive in the midst of a city that is a microcosm of the world. The book is a masterpiece of storytelling, with a rich and detailed setting that brings the reader into the heart of the story.

Zari is a perceptive and religious person. Her world is bounded by home and by charitable visits to prison and lunatic asylums. Locations which underscore the limitations of being a woman in that society. Nevertheless, "all the joys of her life" are centred in her family and her spirituality. She embodies the sort of gentle protestantism that puzzled the return of the veil and chador and that has so vexed Western libertarians.

Her husband, Yusef, is a feudal landlord dedicated to traditional notions of honour, nobility and justice. His brother, however, is a modernist who collaborates with the government and the insensitive, colonising ways of the British to further his own political ambitions.

During a long hot summer the town is torn apart by disease, famine and tribal insur-

A PERSIAN REQUIEM
by Simin Daneshvar
Peter Halban £13.95, 279 pages

VARYING DEGREES OF HOPELESSNESS
by Lucy Ellman
Hamish Hamilton £13.99, 182 p.s

O CALEDONIA
by Elspeth Barker
Hamish Hamilton £14.99, 152 pages

WILDERNESS
by Dennis Davers
Simon & Schuster £13.99, 255 pages

gency. The tragedies and losses of this one family foreshadow the events that were to shatter a beautiful country in the following decades and lead to theocracy, war and fountains of blood. Complex and delicately crafted, this subtle and ironic book, translated by Roxane Shand, unites reader and writer in the knowledge that human weakness, fanaticism, love and terror are not confined to any one creed.

British novelists have unfortunately long shown a disinclination to deal with such vast themes and by contrast Lucy Ellman is a miniaturist, although more able than most. *Varying Degrees of Hopelessness* has much of the fey whimsy associated with minor fiction. The frontispiece quotation from *Carmen* - "Je chante pour moi-même" - suggests precisely the sort of inward-looking insularity that characterises British fiction.

However, in *Wilderness*, the author, an institute of art history, is a disturbingly reminiscent of the Courtlandt, Isabel, a 30-something virgin, is in love with one of her lecturers, the splendid young man; a Dickensian institution rouses the

author to Dickensian pastiche. This is an intrusion throughout the book with parodic purpose which gently mocks the effusions of Isabel's favourite romantic author, one Babs Cartwheel.

Ellman struggles valiantly with narrative - there is a rival girl friend and a short, dark and handsome American hero - but the tics and tricks of postmodernist literary display continually undercut characterisation. In addition to pastiche, there are authorial intervention, alternate endings and literary references which spin off like firecrackers. The book finally darkens into a desolation which turns, as did Ellman's previous novel, on the death of a parent. Ellman's comic charm naturally falters at this point, although overall the engaging quality of the book compensates for a certain lack of stylistic coherence.

Elspeth Barker's *O Caledonia* is a familiar tale, that of the over-sensitive and bookish child confronting an indifferent reality. Janet lives at Auchnasag, a Gothic pile in northern Scotland. Here she suffers "the unrelenting chill of a Calvinist world". As a romantic with medieval yearnings, Janet early discerns that "There seemed no place for gallantry and romance among Calvinists." She feels entombed in what Probst alarmingly described as "L'etouffoir familial" the family suffocation chamber, but Janet is doomed by her own nature as much as by external rigours.

Barker writes of adolescent anguish with a rare pity and tenderness. The novel is extraordinarily vivid and compelling, as if the cool morbidities of Poe had somehow mingled with the wry eccentricity of Shena Mackay. Ms Barker presumably surveys her own younger self in the book and muses ironically on her fate had she not escaped to Oxford, marriage and fecundity.

Indeed, it is a mystery as to why more bruised souls do not flee Caledonia for Bohemia. Whereas Barker converts an ordinary theme into exotics, Dennis Davers, in *Wilderness*, manages to imbue an extraordinary idea with leaden mundanity. Alice White, travel agent, falls for Erik Summers, university penguin specialist. Their romance - American Suburban - is blighted by the fact that Alice is a werewolf. Can Erik relate to the changes Alice goes through? Well, no. He is initially too feeble to rejoice in this heaven-sent opportunity to combine lover and large pet. This is no genre horror story but a serious attempt to examine our animal natures, our kinship with the wild and so forth. However, somehow it is all more dreadfully predictable than the most hackneyed *schmerzroman* and one longs for Alice's pack to turn and rend her cheerless fiancé.

Elizabeth Young

THE London Symphony Orchestra does not know it yet but it is suddenly £35,000 richer. Cheek-by-jowl, the sprightly theatre group is in for a £33,000 windfall, and there are nice little pots of gold awaiting the City of London Sinfonia and the Museum of Modern Art at Oxford. They are among the latest batch of arts organisations to reap a rich reward from taking part in the games of chance organised by UK Charity Lotteries.

Any charity, and most arts groups are charities, can take part by paying £400 to their Local Authority for a Gaming Licence. They are then included in the games organised by UK Charity Lotteries, which basically involve cards carrying numbers: if the right ones appear anyone buying a card can walk off with £10,000.

The second game, Scratch Match, has just started, with each participating charity allocated 180,000 cards and guaranteed 27p for each card sold. So far 15m cards have been disposed of and the first artistic punters in the scheme, which began earlier this year, are in clover.

The tiny Arundel Festival is suddenly contemplating an extra £42,500 while the Corner House in Manchester is £50,000 richer. Aldeburgh, the Hallé and the Diorama in London are all over £30,000 better off. No wonder that in the current

Plenty of winners in the lottery

Antony Thorncroft says the arts have enough cash

game 25 arts organisations have joined, including the Almeida, the RPO, the Scottish Chamber Orchestra and Opera Factory. Waiting impatiently for the next campaign in the autumn is the Tate.

This is really amazing. Some of the beneficiaries will receive more money from taking a chance on the national love of a gamble than they will get in annual grant from the Arts Council. A new source of funding for the arts has opened up. To add another twist to the cash cascade, the football pools have suddenly concocted the Sport and Arts Foundation to distribute £50m, a year, with £20m earmarked for the arts. They did this not out of a sudden enthusiasm for the arts but because they feared a Government sponsored lottery would eat into pools revenue. Tim Rice was this week chosen to chair the Trustees who will meet next month to start allocating funds. Applications are

flooding in. All this is wonderful, but also worrying for some in the arts. It makes it harder than ever to go on and on about how impoverished and ignored they are. It is one of the more irritating characteristics of even the most level-headed of arts administrators that they tend to join in the knee jerk chorus that the arts have been kept hungry for years and that now they are being stripped to the very bone. They might admit that the corporate sector is giving more - business sponsorship is up from £5m to £26m in the past decade - but this is often regarded as tainted money which involves artistic compromise (although it has to be said that examples of arts organisations dancing to the sponsor's tune are few to non-existent).

I am not suggesting that the arts are over-funded. A glance at the salaries in the arts shows them to be beggarly. But there is no escaping the fact that most of the moans about miserly Government subsidy are nonsense, and that with the sudden appearance of these new sources of arts funding a little reticence on the part of the derelict would be welcome. Every Government, including the current one, has been reasonably generous to the arts, at least in its own eyes and in the eyes of the man in the street.

Take the Arts Council, the biggest single channel of Government expenditure on the arts. Since 1980 its grant has risen in real terms by more than 30 per cent. Expenditure on defence grew by 15 per cent while that on education actually fell by 6 per cent.

Government spending on the arts in addition to the Arts Council grant has increased, specially through building funds to museums, a rise in funding for the National Heritage Fund, and the £150m plus ploughed into the British Library. Not surprisingly the

latest issue of *Cultural Trends* (out this week) shows that expenditure on arts and museums has risen as a proportion of Government expenditure from 0.15 per cent in 1985-86 to 0.18 per cent in 1989-90.

To general surprise, local government, in spite of the burdens of Poll Tax and capping, has rallied round the arts, with notable success stories in Glasgow, Birmingham and Bradford to set against foot dragging in Liverpool and Bristol. Local government probably spends around £200m a year, a large rise in real terms over the past decade.

Yes, inflation in the arts is higher than in the outside world; yes, the search for funds takes up too much of the time and energy of those creative artists who run the large arts companies; yes, some other European countries invest more in the arts; but the search for funds is not unique to the arts. The arts are enjoying a long and almost unchecked boom. As yet the funding tap has flowed free in line with the extra activity. The arts world should save its communal howl for inevitable day when cash flow is dammed.

Down in Docklands something stirs

SOMETHING IS stirring in London's Docklands. Not much, but something. For years it was touch and go what had been the most crass mistake of the planners of Europe's greatest urban development for decades - the lack of adequate transport to the outside world, or the total disregard of any artistic pump priming to entertain, stimulate, and unite the changing community writes Antony Thorncroft.

At last, perhaps when it is too late, sensible rail and road links near completion, and the sound of the faint and the heel of the dancer are heard among the half finished office blocks and the half-tenanted estates.

The arrival of the arts coincides with the completion of the first phase of Canary Wharf, epitomised by its squat skyscraper which adds a brooding presence to London's skyline, but which at close quarters acts as a backdrop to remarkably self-assured buildings in an imposing Gotham City style, nestling in instantly mature gardens. Its developers, Olympia & York, had considerable success in marketing a similar urban renovation at Battery Park on the tip of Manhattan, by organising an active and high quality arts programme.

It is repeating the trick in Docklands and hired Helen Marriage, a former director at the Lift theatre festival, to plan the events. Her brief is "to make the place as exciting and lively as possible for the people who work here and the people who live here. I am basically programming a year long festival."

The first three events nicely show off the cultural range: the Mapaga Acrobats from Kenya, the Blues Band and Matrix Ensemble playing new works by Stephen Oliver and Robert Saxton inspired by Mozart.

On Thursday *Titus Brulles*, a group of ceramic heads sculpted by Jane Norbury and murmuring the electronic sounds of Etienne Delmas, were unveiled. To come, there is Jools Holland and the Academy of the Band and Cabot Hall, a 500-seater venue which at last gives Docklands a sensible space for drama, music and dance. By then the office workers will have arrived. The Canary Wharf arts budget is a



Docklands get a head: talking sculptures by Jane Norbury

secret but almost certainly exceeds £500,000 a year. All the events will be free and, by the New Year, when 3,000 people will have moved into the complex of offices, they will rise to two a week. At last there will be some worthwhile artistic activity in Docklands.

The recession has cut the revenues of the London Docklands Development Corporation and its commitment to the

arts, always half-hearted, suffered. It has just £50,000 a year to spend on arts activities, which covers aid to this month's International Festival of Street Music and next month's Docklands Jazz Festival, to be held in the Design Museum. Its other projects include funding for the music and science project of the Docklands Sinfonia and the commissioning of a sculpture which

will find a home in the FT's Docklands printing works.

But if the corporation lacks the money to make a splash, the very depth of the crisis affecting the arts has high developers open to suggestions. Turner Bridge Piazza burst briefly into life recently when it hosted an exhibition by students from the Royal College of Art, and from September 19 some artists, contracted to leading dealers such as Bernard Jacobson and Fawcett, will be showing their work in unassuming retail spaces at the Dock. Masterminded by Mark Day and including Eileen Cooper, Kevin Saffert, and Paul Moriarty, paintings on offer will be large - all over six feet in length - and not cheap, ranging in price from £5,000 to £14,000. The theme of the show is the City and corporate buyers will be the target.

At long last Docklands is opening itself up to artists. The LDDC is negotiating with Matts Gallery in nearby Hackney to create a sculpture for the light house in Trinity Bay Wharf, and the Acme Trust is exploring the possibility of creating 75 artist studios in Docklands. The Whitechapel, the highly regarded gallery on the edge of LDDC land, is to display contributions to its Whitechapel Open of 1992 throughout Docklands, including Canary Wharf and the local Tesco. There are plans for an open competition for three sculptures to bestride the gateways to the Limehouse Tunnel. It will be the biggest public art commission in London for years, with a budget in excess of £200,000.

Disappointments still litter the arts from the ill-fated London Arena, now in receivership, to the stalled plans for the Museum in Docklands, this week's redundancies at the Design Museum, and the failure to find a use for the idiosyncratic Wapping Pumping Station, but there is a sudden resurgence of grass roots activity. The artists should have been given the run of the place years ago; now, when there is nothing to lose, they are encouraged. The space, and the carefully displayed arts programme, are being used to entertain the 12,000 workers anticipated at Canary Wharf by next summer, just as the future Docklands way.

Frederick the Great goes home

All this has touched a political nerve in Germany. Both camps, pro- and anti-Frederick, have some justice on their side. One, for instance, can doubt his militarism. But he was more than just a soldier; he was *der alte Fritz*, the jaunty, good-humoured autocrat so well caught by Staub's equestrian statue in Unter den Linden. He was liberal for his day. He freed the Jews from the ghetto. He established the rule of law, even when it worked against his own interests, as in the case of the miller of Sans Souci. You do not have to share Carlyle's hero-worship to admire him.

His most attractive side is his love of culture. We may laugh at his turgid French verse, which Voltaire had to curtsy; but he did bring to Germany a taste for the arts, and the mathematician Helmut Kohl, breaking his Alpine holiday, will attend the midnight interment, but we are assured, he is doing so as a private citizen. There will be massive television coverage.

There will be a military escort, a guard of honour, Helmut Kohl, breaking his Alpine holiday, will attend the midnight interment, but we are assured, he is doing so as a private citizen. There will be massive television coverage.

The East Germans looked after it reasonably well; but communist countries had the knack of making new work look shabby. There is no central heating, so many of the pictures are endangered by rising damp and wear little squares of transparent sticking plaster to prevent paint from flaking off. It was told that an anonymous British donor contributed DM100,000 (£34,130) for their restoration.

The other buildings in the park are less well off. The pompous New Palace, which Frederick built after the Seven Years War to show that Prussia was not completely on its knees, was at least being worked on; its 18th-century theatre has been restored and will be the venue for a private memorial service for Frederick and his father on the afternoon of August 17. But the so-called Marble Palace, leased for free to the East German army as a military museum, was returned last year a semi-ruin.

The lovely classical Belvedere was shelled by the Russians in 1945, but is being prepared for the 1,000th anniversary of Potsdam in 1993. The Charlottenhof, the Orangery and several other lesser buildings are also crying out for attention.

The influx of tourists following reunification has brought problems. Pieces of gilt stucco have been stolen. One man sat on a small console table and broke it. An enterprising

group, working at night, made off with a bronze sea nymph, complete with sea horses, from a fountain in the park. But reunification has also brought money. Helmut Kohl, Brandenburg's jovial ex-minister, told me that the budget for 1991 is DM40m. There is also a certain amount of private sponsorship. For example, the Döberitz hill for the Belvedere is being met by the Messerschmidt Foundation. Prince Louis-Ferdinand is clear about why he is having his ancestor reinterred. "This," he told a Berlin newspaper, "is a crowning moment of German reunification." The country certainly needs some symbolic act of union. We can't, on the whole, say "Welcome home" to old Fritz.

Victor Price

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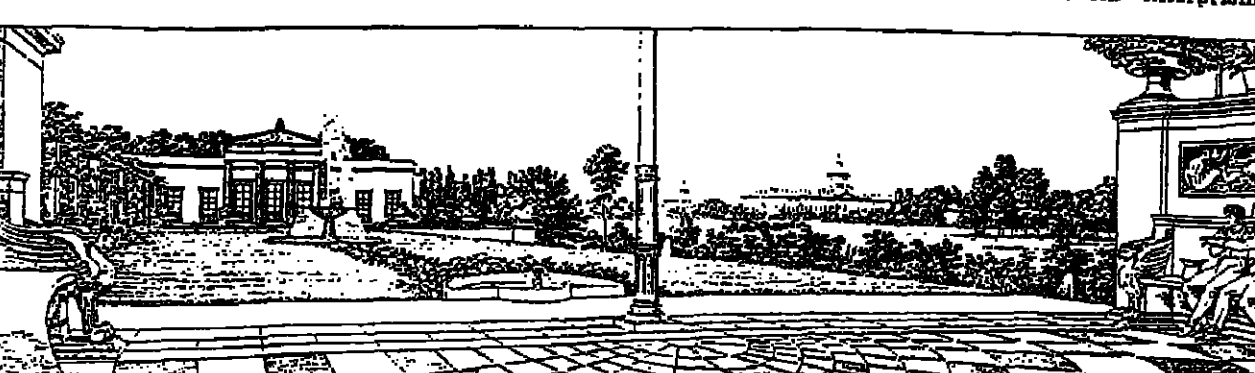
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Malcolm Rutherford on a Brecht revival

completely dominant.

Brecht's other, related merit is that he was absolutely steeped in theatre. I had to count the number of Shakespearean allusions awarded to him in *Arturo Ui*, but they are there all over the place and they enhance the play; the comedy, the history and the tragedy.

The best-known scene of the lot, which he is shown as wrote sketch on his own, consists of Ui leaving the move and speak from an established Shakespeare actor of the old school. The text is from Mark Antony's funeral speech in *Julius Caesar*, beginning with 'Friends, Romans, Countrymen'. It is not here that he develops his technique of manipulating crowds, and he never looks back. You may say that there is sharper satire in *The Great Dictator*, when Chaplin gently bounces the globe up and down and says 'This is still a theatre, a theatrical cop'. The actor, incidentally, is played for all it is worth by Michael Bryant.

For those who have not seen or read the play before, I should add that it is set in 1930s Germany. The villains are trying to control part of the vegetable market rather than the European continent. That may explain why it did not seem the most devastating satire in the world in 1941. It still looks slightly quaint, as if Brecht had not realised the full horrors, and it is a little naive to say that he did not then know about the gas chambers: the rest was bad enough. Otherwise, however, the parallels are pretty clear, though it would help to remember Hindenburg, Dolfuss and Roehm, the heads of the movements.

Arturo Ui, of course, is unmistakably Hitler. Antony, Sher



Antony Sher: admirably restrained

plays him with an admirable restraint that is surprising in this actor. That must be a tribute to the direction by Di Trevis. The production misses one trick. When the equivalent of the burning of the Reichstag takes place, I would have expected the entire theatre to seem engulfed in fire. Instead there is a rather pathetic flicker.

Yet there is a compensating

achievement. Ranjit Bolt has already been applauded for his recent translations into English from French – his *Tartuffe* is on the way. This is the first time he has worked from German. The mixture of verse styles and prose in *Arturo Ui* provide a different kind of challenge. He meets it without being too intrusive. Bolt is now a star in his own right.

WTOLD Latoslawsky's magical song cycle, *Chantefleurs et chantefables*, which received its first performance in Thursday's Prom at the Royal Albert Hall, returns to a poet that he has explored before. In his last vocal work, *Les espaces du sommeil* (1975), he used a long, richly allusive text by the surrealist Robert Desnos, and the nine little settings for soprano that make up the *Chantefleurs* are drawn from Desnos' book of children's verse, published first in the year of his death, 1945, and in its definitive version 10 years later.

The poems themselves are wide-eyed, absurdist visions of the natural world – the grasshopper who hops from Monday to Friday, the tortoise, who thinks the sea is beautiful, the three hundred million butterflies who arrive in Châtillon to drink broth. If he were ever to write an opera, Lutoslawski has said, Ravel's *L'enfant et les sortilèges* would be a likely model, and there is more than a hint of Ravel in his fastidious treatment of these texts, not just in their guileless vocal lines and faultless idiomatic French prosody, but in the way each image is taken at face value, without any attempts to impose a sophisticated, adult perspective.

The scoring is wonderfully spare, with solo lines usually enough to crystallise a musical image, and always allowing the vocal line to shine through, though there are always enough of Lutoslawski's tech-

nical devices to make the composer never in doubt. Again Ravel seems to lurk behind some of the textures, less *L'Enfant* perhaps, than the orchestral version of *Ma Mère l'Oye*, with which the scoring of *Chantefleurs et chateaufables* shares its bejeweled precision, its faultless pace and timing.

The soloist was the Norwegian soprano Solveig Kringlebotn, chosen by Lutoslawski for the premiere of this concise masterpiece because of her

**Wide-eyed,
absurdist visions
of the natural
world**

unforced crystalline tone and limpid phrasing. She sang the cycle quite wonderfully, never pressing the ear too hard and allowing the composer to unfold the ravishing orchestral effects around her.

Lutoslawski went on to control a fierce account of his Cello Concerto with Natalia Golovinskaya, whose handling of the solo part may not be larger-than-life in the way pioneered by the work's dedicatee Rostropovich and continued by Heinrich Schiff, but her tone states and its own eloquence and sense of tragic momentum.

*
In Wednesday's late-night Prom the BBC Singers had brought to London David Sawer's *Songs of Love and*

War, which they commissioned and introduced on tour in Europe last year. The title consciously evokes Monteverdi, but Saver's effect is to reverse the idea of the 17th-century *Madrigali guerrieri et amorosi*. Instead of using war as a metaphor for the entanglements of love, he weaves together lines from a Shakespearean War love song to create an "imaginary narrative" that deals in the separations and emotional turmoil caused by war itself.

Many of the songs are familiar. As phrases (just the words, never the melodies) from "We'll never know again," "You'll never know," "I walk alone," the effect is deliberately disconcerting, but Saver overlays the intrinsic sentimentality with a gritty, ironic continuity. The writing for 12 solo voices, separated by a 12-piece orchestra on the platform, moves from slowly shifting clusters through propulsive rhythmic chanting to moments of sweet-toothed sentiment, while a pair of harps and two percussionists punctuate and undercut the songs. Alexander Reich's *The Desert Music*, which Simon Joy conducted in the slumped-down version that substitutes synthesizers of much of the wind scoring, Saver's piece appeared a model of dramatic directness, though the songs themselves were workmanlike, the one with the most lingering flavour and power.

Andrew Clements

Radio Portrait of the city as a fine place

WHILE ULYSSES has led us to the heart of Dublin on June 16, 1984, Radio 4 on Thursday, offered a more up-to-date guidebook in *Portraits of a City* (obscurely subtitled *Barry Works at Buddies Ford*) by the Dublin writer Fintan O'Toole. His portrait was eloquent, complete, sympathetic, witty and immensely enjoyable. He was a good guide to the average visitor would see, and he could explain why it was as it was.

He began in the docks, at the mouth of the Liffey, with its traditional smell of Guinness. A new business area should mark a financial bridge with the New World, and the overcrowded, bug-ridden tenements are sited outside the city, but the old buildings still stand. The inner city needs fresh planning, especially for the ever-increasing traffic.

In 60 years Dublin's area has doubled in size, while its population has only doubled. New suburbs, centred round shopping centres, are like little towns, from which a visit to the city centre almost suggests a day out. There is still much of old Dublin to be found - old houses, streets that have now become successfully into the rock world, the horse fair in 18th-century square, where half the business seems to be done by boys. And there are the Dubliners. Some of them would still be at home in July 1904.

Interview, and on Friday

last week, Radio 3 gave the first two parts of *Bix's 60's*, a 60-minute retrospective of the jazz cornet-player Bix Beiderbecke. Presenter Mel Hill has so far mostly chosen discs recorded in 1927, when jazz was at its height. We not only have Bix's playing, rightly described as 'distinctive' and 'sensitively different' (the usual, but over-used, phrase), we hear the splendid arrangements made by Challis, Murray and so on for Frankie Trumbauer's band, with occasional harmonic quirks in the supporting parts. And there is lots of Trumbauer, nowadays wrongly dismissed, on the piano. Hill played Louis Armstrong and Coleman Hawkins for contrast, and Bix's piano solo 'In a Mist', which makes you think he had been listening to Debussy. You might think there was not much significant Bix to come out of this, since he is so much better in the studio than in the film in which he swerves and the unexpectedly good playing of Paul Whiteman's vast outfit. The Sunday play on Radio 3 was the second in its look at Alfred de Musset, *Don't Play with Love* (*On ne badine pas l'amour*). It is a play well worth reminding us that there was something in the French theatre between Molière, Racine and Corneille and Anouilh. *Don't Play with Love* has a comparatively simple story: Perdican (Stephen Tompkins) is in love with his aristocratic and Camille (Sophie Thompson), his childhood love, home from the convent. It is

the natural wish of Perdician's father, the Baron, to see them married.

Camille doesn't want to get married, though, she wants to spend her life in the convent. They have a sensible talk, which Camille thinks may drive Perdician to despair. But it doesn't drive him to despair as it drives him to Rosette, and she is more obliging. Now you must marry her, says Camille, but Rosette's heart has taken too much. She dies. And Camille? She goes back to the convent. The talk (translated by Michael Sadlier) is sensitive and often beautiful.

There is a second and a very good two hours and was directed by Peter Kavanagh, who did the other de Musset last week and is also doing *Ulysses*.

If you have tears, you had to shed them at Radio's *Summer Storm*, by David Holman, directed by Peter Kavanagh Tuesday and Wednesday. An 11-year-old Japanese boy (James Holland) encounters a blind old man (Alan Dobie) at Hiroshima's memorial to the victims of the atom bomb.

We swap scenes between his life and the old man's life when he was 11, going to join in the war - until all his friends were killed in the blast. It is powerfully sentimental, with a notably different moral from Jennings, and unexpectedly moving.

There is a very good bomber-crew, who have bit parts. Well played under John Taylor.

A black and white photograph showing a tall palm tree in the foreground. Behind the tree is a decorative metal fence. In the background, a building with arched windows is visible. The image is oriented vertically on the page.

stopped to buy bread in a small town in Sicily. Some goat-legged golems were said to be lurking in the woods, but he discovered what must surely be one of the best fountains ever. Water gushed from a snarling lion heads into a grotto some stone where the farmers still water their mules. But because man has an inner desire for some glass of a 17th-century whitened and arched windows all along the monumental facade so that whoever drinks can drink in the stupendous view of valley farms, and distant peaks.

Beautiful Leonforte came to mind unexpectedly this week at the Illuminating exhibition, *Osing an Eye on Italy* (33 Rutland Gate; until 8 September, entrance free £3). On one level, it is a journey through Italian piazzas and gardens of the 19th and 20th centuries. On another, it is a trip through the Italian museum of cast iron at Rimini. On another level, it is photographs of old lamp-posts and iron fountains, with number of striking examples of dimembered lamp-posts.

The cast-iron lamp-posts of the 19th century had many variations - like pasta and just about everything else. In Rome a lamp-post would sport the letters SPQR, in Florence they were suitably Renaissance, in Venice there were lions. We have seen many differences, soon to be exhaustively catalogued by the new Professor of Lampadologia

Decor Artefacts at Rimini, which has loaned this exhibition, is the interesting and unique venture of Neri Spa, a company which makes reproduction cast-iron lamp-posts - also fountains, benches, and band-stands. Restoration of Italy's *centri storici* would be woefully difficult without the Neri Spa products, or so it

Like pasta, the cast-iron lamp-posts of Italy have regional variations

would appear from this rather wordy but well-photographed exhibition. And I would be surprised if there were not FT readers who have niches to fill with elegantly swirling lamps. Unfortunately, it is not clear from the product-list whether the SPQR model is still made.

As for Leonforte, is it the products of Neri Spa which bristle so thick all the way

down the hill to Leonforte's grand fountain? Every 20 feet there is a spanning bracket lantern in grey iron hammered into the walls of the little stone houses. At every turn of the path there is a free-standing lamp-post. A glorious climax is reached down by the grand fountain, with singles, trebles and, oh wondrous to relate, the quintuple-lantern extra-curly candelabra-type.

Yes, said the old lady watering her geraniums, the commune had received an improvement grant. And yes, it was rather hard to sleep at night. When next in Rimini, where they make the best ice-cream in Italy, I shall certainly visit the Neri Spa museum. Meanwhile, may the gods save Italy from an excess of good taste.

Patricia Morison

Chess No 885:
1 Kf6 Ra8 2 Kg7 Bb8 3 Kh8 Be5
mate.



B.A. Young | In Italy, even the lamp-posts are works of art.

Records A tribute to the master

CLAUDIO ARRAU died in June, and the comprehensive reissuing of his solo-piano recordings for Philips, already planned for release this summer, has been transformed into the most eloquent of tributes. The first three volumes, headed "Arrau Edition" by the pianists Beethoven, Brahms, and Debussy, collectors of Mozart and Chopin are also promised, and one hopes there will be some Schumann to come too. These initial sets conjure immediately that utterly characteristic aesthetic, the mellow, resonant piano tone and air of utter seriousness with the inflection of every phrase, every note, deeply pondered and considered.

It is an approach forged in the German tradition, and distinctly less suited to Debussy than the complete *Requies* and two books of *Images* (32 304-2, two CDs), which for all the care and intelligence the music has in its spontaneity, its weight in the passing moment, and turns monochrome and dull. At the opposite extreme

Arrau

is Arrau's perfectly idiomatic Brahms (432 302-2, three CDs) – performances of the F sharp minor and F minor Sonatas of marmoreal strength and certainty, a set of Ballades of philosophising grandeur, accounts of the Handel and Paganini Variations that are intense, highly wrought and have overlooked architectural command for the sake of virtuosic display.

But the core of Arrau's recorded achievement will remain his Beethoven; his versions of the sonatas stands alongside the very best, and perhaps remain the most consistent, of the last half century. Revisiting those performances from the 1960s in their immaculate transfers (432 301-2, 11 CDs) is like meeting old friends again and discovering them unchanged: versions of the late sonatas especially in which the sureness of touch, the weighty intelligence, even the placing of every emphasis seems reassuringly familiar.

There is undoubtedly an inevitability about Arrau's playing: an intellectual rigour

physical excitement of, say, Op.21 no.2 or *Les Adieux*, the scherzo of Op.101 or the clarion opening of the *Hammerklavier* and its fugue, have to be taken as read. In almost every case, however, there are compensations elsewhere in the performance. Les Adieux contains wonderful musings, phrases poised against each other, while his *Hammerklavier* contains as searching and serene a presentation of the slow movement as one could imagine, so that the centre of gravity of the sonata is never to be doubted, and Beethoven's large-scale purpose is grasped unerringly.

For every Beethoven pianist from Arrau's generation onwards Arthur Schnabel's performances have been a benchmark. Recorded for the first time between 1926 and 1935 the set has appeared in a variety of manifestations, and now has been digitally remastered (EMI References CHS 783765 2, eight CDs). No electronic refurbishing is going to reveal what was never caught by the originals and the acoustics of the new

more limpid, and Schnabel's astonishing range of inflection and colour is revealed with greater faithfulness, so that the expressive webs around every movement are more enthralling and detailed than ever.

His emphases are often radically different from those of present-day interpreters. When Schnabel warms the first movement of Op.109 into life the opening is presented as a single singing line in which the decorative figuration is barely audible; when he charges into the opening of the Hammerklavier what matters is an overall impression of power barely contained rather than note-perfect mechanics; when the Waldstein Sonata moves into its finale, the music is enlivened, as if a treatise on slowly sliding. Almost every sonata contains moments of equal haunting fascination.

Perhaps because he was less systematic in his recording career, Rudolf Serkin's legacy has not been so conveniently packaged. The reissues that have followed his death have been scattered across no less

master

treasure. Pride of place goes to the Brahms Concertos recorded in the 1960s with George Szell and the Cleveland Orchestra, in which Serkin's intellectual rigour and dramatic integrity are perfectly matched to Szell's martial accuracy. The first is coupled with Strauss's Burlesque (MK42261), the Second with Brahms's Piano Pieces Op.115 in performances of great expressive economy and precision (MK42262).

The Beethoven Concertos are divided between the Philadelphia Orchestra with Ormandy and the New York Philharmonic under Bernstein (Nos 1 and 3, MK42258; No 2 and 5, MK42260), and are characterised by a exemplary clarity of thinking and unaffected grace. Serkin's fondness for neglected repertoire is shown by a coupling of Reger's Concerto and Prokofiev's Fourth for the left hand (MYK46452), and his peerless Mozart playing by two discs (K.271 and K.488 with Alexander Schneider, MYK46506; K.468 and K.595 with Ormandy, MYK46507).

the LSO; the wit and concentration, the unerring grasp of the musical essentials are unflinching.

Britten welcomes to compilation the *Sixty-two Etudes* and Dinu Lipatti from EMG that transfer and repackage blissfully familiar performances. The Richter set (CZS 76157 VZ) of four CDs ranges from 1951 to 1983 to bring together four concertos (incandescent Grieg and Schumann, less successful verve in the Chopin), the *Concerto in A minor* (Schumann's Third), with some fascinating Beethoven sonatas (especially Op.31 no.2, rivaled with dramatic lightning and explosions), a tumultuous and wandering Fantasy and Schumann's *Faschingsschwank aus Wien*, the last very much a Richter party piece.

The five discs of Lipatti (CZS 76163 2) mingle studio and concert recordings, mostly made between 1947 and 1950. All the imperishable performances are here, tantalizing fragments (Grieg's *Sorcerer's Apprentice* and Schubert's *Impromptus*, Ravel's *Album del grucioso*) alongside concertos by Grieg and Schumann, Mozart and Chopin, a Bach partita, and some of the greatest Chopin playing ever recorded – the complete waltzes, a Barcarolle of infinite melodic subtlety and B minor Sonata of beguiling elegance and tragic intensity.

[illegible][illegible]

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GARDENING

Post-modernist planting: the new philosophy

Robin Lane Fox makes a pilgrimage to Paris, where gardening theory and practice is being stretched to new limits

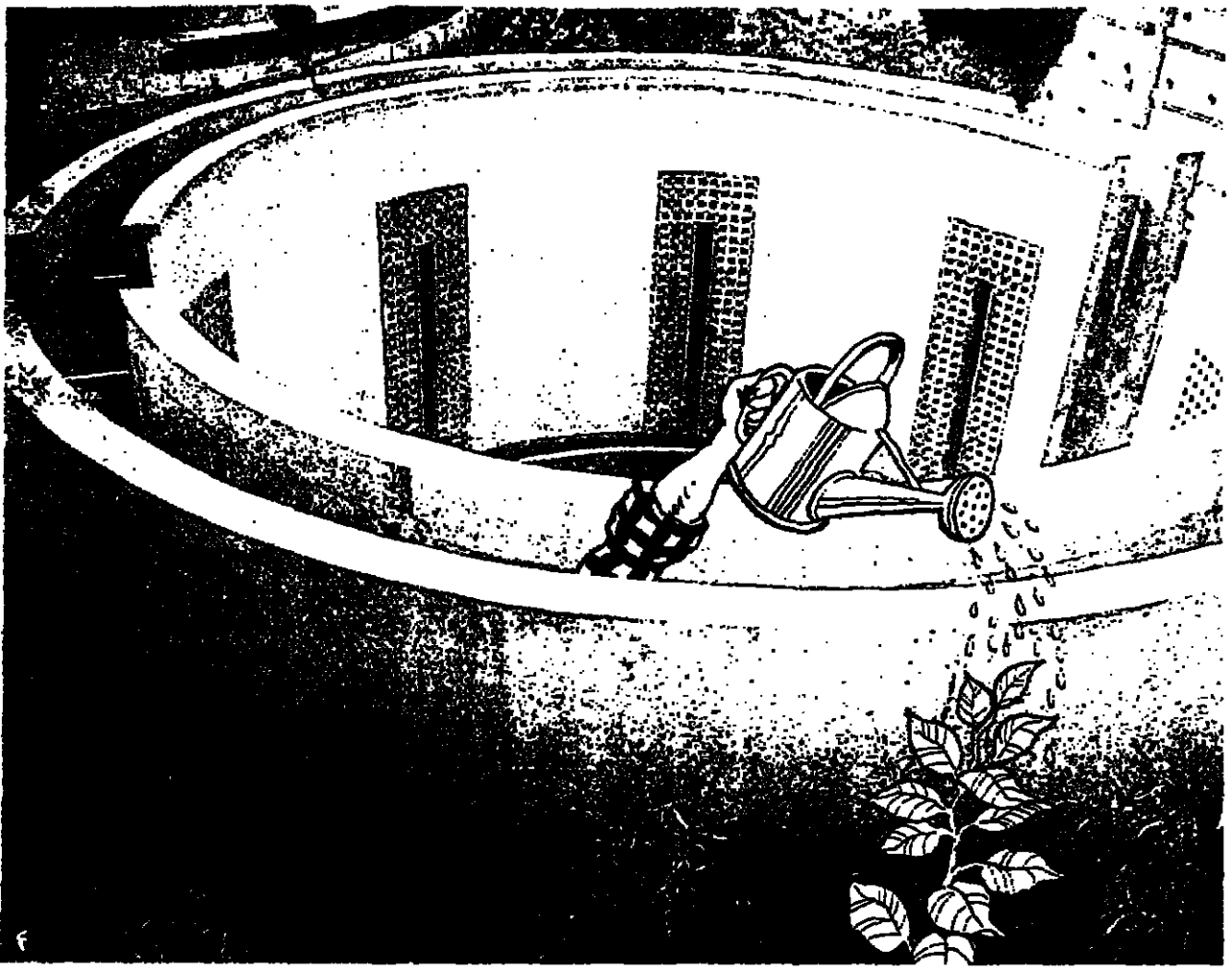
LIKE THE plants at Hidote, modern styles of gardening are seriously short of labels. Are they modernist or post-modernist, pre- or post-structuralist? Those of us who love cutting down beasty old Cypress leylandii might prefer to be deconstructionists. Who cares about names? I do, because theory is intertwined in the way in which you and I see the world. In the 1960s and 1970s, theories have swirled like fog, and gardening has ignored them. My worry also has a precise, academic origin.

Earlier this year I sat on a panel which had to choose an important tutor in English literature. One of the candidates was a young woman, would she be distinguished by a post-modernist or a post-structuralist from both? Your starter for ten; be brief, win a job with tenure.

Some of the candidates, perhaps, could have answered, but they were not the ones I was looking for. One of them did discuss post-modernism for a while: it appears to involve the recycling of fragments of our cultural past and realigning them to new and paradoxical ends. Probably, the answer was wrong. It turns out that post-modernist and post-structuralist seem like people who turn last month's *FT* into paper hats. The weather was cold, the room was hot; my mind fled from rigorous reading and began to wonder about gardening.

If this answer was right, the best-English gardeners have been closest post-modernists. In the 1960s and 1970s, they recycle the classic idea of evergreen hedges, white gardens, statuary and roses up trees. I have always been absolutely certain that I am a pre-modernist and that the theorists in Europe can tie themselves in knots.

Have I been speaking verse without knowing it, a practitioner who has lacked the label, who picks and chooses, invents a do-it-yourself style, likes puns and sustains a horticultural bribe? Is this pre-modernist really a post-modernist without much feel for the modern world? Suddenly, it seemed exciting and terrifying:



the only answer was to go to Paris, home of all such theories, and have a look.

PARIS IS the place to visit because it has a cluster of post-modernist gardens, internationally designed since 1987. Two more have opened this month. You can find them by heading northwards on the metro to the Parc de la Villette, that great park of science and industry that has engulfed a bit of the old French bourse.

Great philosophers have approved the design, where zig-zags are buried in the ground-plan and brilliant minds have seen "judic coherence." It all sounds hugely exciting and would never crop up in London, a sequence of gardens with the latest philosophical theories. What, actually, are they like?

"Actually" is a post-modernist notion. The Parc de la Villette is full of helpful people longing to give pamphlets to visitors and encourage them to enter into dialogue with the gardens and their various follies, painted in red enamel. The gardens are "actually" how you choose to interpret them: your mind writes patterns on this mental landscape, and I must first confess the baggage which came with me.

I have just emerged from my biennial haze, brought on by re-reading *War and Peace*. On the day, I was hot, and in a post-modernist predicament, afraid of being lost with a language whose references I only half-understand. "Judic coherence" may emerge, but I will take these brand new gardens piecemeal. Like Edmund Pennington-Russell on the wines in Oxbow, I will give you my notes, one by one.

First, the Garden of Trellis: a large, greatly hyped space with two themes - gushing little waterfalls (91 in all) and wires like an open-air radio station up which dozens of legacy vines are struggling to the sky. Grass, of course, has been deconstructed, and all the surface is hard.

Flights of steps lead nowhere and have only one hand-rail above that metallic material which I associate with Heathrow. Overhead, long crosshairs of shining metal destroy the illusions of space, myth and rhythm which the famous

mind was thrown into pleasurable chaos.

I thought of night and death and then of Tolstoy's Prince Andrei, dreaming of that empty room in which the partners of an inconsequential conversation were leaving and something is pushing against the double door which at all costs he must stop from entering. In the Bamboo Garden, this garden's secret is the brainchild of Bernhard Liner, the Austrian-born exponent of space as sound. Post-modernism, here, has a point: sound in the garden, do we make enough of it? I still regret that my family rejected the idea of underwater music when we built our infamous swimming pool.

The Garden of the Winds is still being deconstructed, but this month you can see two new gardens of illusion in sights and sounds. The Garden of Children's Terrors leads you across a walkway of pseudo-pumice stone whose turquoise finish struck me as horrible. Eighteen speakers stand on either side of the path, to give off echoes of sounds, like hooting owls or the heavy beating of ducks' wings. Visually, this garden is a shocker.

The new Garden of Mirrors required me to jump the fence for a preview; once again, history. For years, imaginative members of the Sloane classes have been putting mirrors in their London gardens to give them depth. Here, quite solemnly, the French *avant garde* have mounted great slabs of mirror on the sort of brown material which you meet with free deodorants in up-market business-persons' loos.

The aim is to oblige you and the landscape to reflect on each other: where is reference, where is reality, who is what? Unfortunately, the landscape is a dank affair of chopped bark and pine-trees which would be all too in keeping at Wisley. The mirrors would be more artful if framed in greenery à l'anglais.

How negative I am. But the glory of La Villette is its enormous geode, a globe of steel metal. It is for you and me to trace our patterns on this silver surface, suspended above a basin of water. I thought of the silver balls which were used to keep witches out of English houses; then, Tolstoyan memories swept me away of Pierre as a prisoner-of-war who remembers the globe which a kindly old teacher from Switzerland once showed him.

This "quivering ball of no fixed dimensions" was composed of drops which jostled each other and struggled, the teacher told him, to swell and reflect their God. The God of the geode has probably been deconstructed, but I did wonder when it started to hum. Here, at last, is genius.

As you walk round this huge globe, you are following a circle of points as if on the face of a watch. When you reach the hour of the moment, it plays you its special tune. When you reach the relevant minutes, they play another: all the wonders of seconds tick mysteriously as you walk in search of the time. Pre-modernist hours in Paris are creatures like elegant graces who can play quite other tunes in neoclassical clouds. Post-modernist hours are not painted by Watteau: they hum invisibly and I left them, feeling impressed.

WHAT, THEN, of post-modernist gardening? Neither you nor I am closest post-modernists, once you have seen the real French thing. *War and Peace* receded. A few hours later I was ticking away happily in a Parisian garden whose style made the whole of La Villette seem like a nightmare.

Perhaps post-modernists would count that a victory. I did, however, reflect that it was only a moderate group of bamboo, too much concrete and some special effects from speakers. That evening, at Heathrow airport, the staircases' surfaces seemed dreadfully familiar and by Terminal 4's Underground platform a place of deconstructed machinery rustled, thudded and spluttered without any fuss about space and sound.

"Sonorous cylinders" in the garden may sound wonderfully trendy, but London Transport has had them for years, and so have those of us whose pumps and filters splutter all day, trying to keep the waters clean in a swimming pool for English summers.

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FOOD & DRINK

Fine words, finer wine from the guru of Gaillac

Jancis Robinson talks to Robert Plageoles, who is leading the renaissance of a little-known appellation

ROBERT Plageoles should have his own television show: a late-night arts discussion programme, preferably, all abstract nouns and shrug, all abstract nouns and shrug. Instead, he has to expound from an almost embarrassingly modest farmhouse perched on top of one of the rolling green hills of Gaillac, an obscure appellation in south-west France. Thanks to Plageoles, it is fast losing its obscurity. In fact, the only reason that news of Gaillac's renaissance has been slow to spread to the English-speaking world, where we still think Gaillac produces nothing but nondescript co-operative pop, is that Plageoles speaks only French.

As he so rightly says: "I know how to talk about wine, and French is the language best suited to talking about wine the way I do."

Let me give you an example of the Plageoles way with wine and words. After half-an-hour of verbal assault, during which he had given me a dazzling exposition on Cathar drinking habits, ancient Languedoc place names, the role of collective memory and the extent to which local vine varieties must be saved from extinction, all the time rotating his shoulders and hands on at least 20 different axes and flashing his impressive gold dental-work, I asked him whether he felt his distinctive style of wine (frank, direct, full of flavour) owed more to the vineyard or the cellar.

He put his pen to his lips and nodded slowly before giving a reply that was very Plageoles, very different from the usual technocratic. "That's an interesting question. What indeed is wine?" At this point my notes in English of what he

said in French betray my lack of professionalism. Make what you will of "Wine is part of our patrimony. What's important is the spirit in which it is vinified. When one makes wine, one brings a reflection of a soul. I'm trying to restore to Maizac [one of his beloved native vines of Gaillac] its veritable identity, which is multi-form." Etcetera.

The people of Gaillac (other than his most irritated competitors) are proud of their articulate archivist, a spokesman who has earned their appellation so many column inches in the French press. The sommeliers of nearby Albi look thoughtfully grateful when you mention Robert Plageoles. With his handsome features, curly locks, snappy sweater and blouson marked *Chino Lifestyle* across still athletic shoulders, he belies his 56 years and looks distinctly Hol-



Robert Plageoles: fighting for a better deal for his wines

lywood – at any rate far too big for his small desk and struggling appellation. But it is clearly the struggle he relishes. His return to the small family wine farm in 1981 followed 28 years of trade union work. Now he is fighting for a better

deal for the wines of Gaillac. In the Middle Ages, Gaillac wines were some of the most sought after and the Bordeaux trade had to play all manner of tricks to stave off the competition. More recently, however, the appellation has become too

diffuse and dull to win many friends – sparkling or still; sweet or dry; red, white or pink; ordinary or downright poor. At least such were the wines, almost all local varieties blended with more familiar "international" ones, that were exported from the region.

But there is a new sense of dynamism and pride in Gaillac that is evident in top bottlings from the likes of Domaine d'Escaumes. It cannot be dissociated from Plageoles' *mediantique* activities, particularly the revival of ancient grape varieties and wine styles. "I've started a little revolution," he admits of his policy of bottling each grape variety separately. "There is a message of truth in a vine variety. A varietal wine is a naked wine. You cannot hide faults. My motivation is that I am saving our local heritage. It has been an enriching experience for me."

He probably does not mean by this that Plageoles wines, 10 different sorts from a mere 25 hectares, command an impressive premium over other Gaillacs. The cellar-door price of his beloved Maizac Nature – an appellation, naturally, from a Gaillac variety also important in Blanquette de Limoux – is by local standards wildly expensive at FF34 (€3.40).

His sleek, unusually fruity red Duras (a local vine variety rather than the place 100 miles north-west) is FF27 a bottle. His special wines, such as his sherry-like Vin de Voile and Vin d'Austin, a sweet white made from almost-extinct Ondenc vines, command prices up to FF300 a bottle. (These cleverly registered names give valuable exclusiveness.) I bought a mixed case of these beautifully labelled wines that was to completely

and deliciously revive my faith in Gaillac. Ironically, it was the despised "outsider" varieties, Sauvignon and Gamay, that were particularly impressive.

As 35-year-old Bernard, the hands-on Plageoles, packaged the bottles, his father, still holding forth, rummaged in an old cardboard box to show me some of the dusty volumes on which his wine and vine research was based and then, ignoring the screams of my baby, would not let me go until he had pressed into my hand his document on exact serving temperatures for each one of his wines. Dedication indeed. Outside France the wines of Robert Plageoles (€3-39-40) are rarely seen, but he has sent small quantities to Germany, Switzerland, Canada, Le Montrachet restaurant in New York and Le Perignon in Tokyo.

Fresh fish and fruit-bat: a feast of Creole cuisine

Nicholas Woodsworth samples a melting-pot of flavours in the islands of the Seychelles

ANSE Dejeuner, Anse La Farine, Anse aux Poules Bleues, Anse Patates, Anse Citron, Anse Boudin, Anse Bananes. Is it a recipe list for some obscure French country dish? No. It is a list of some of the hundreds of fine white sand beaches, or "anses", that border the Indian Ocean islands of the Seychelles.

When French colonists were first landed on these islands 300 years ago, food was the first thing they had to think about. Settled on tiny specks of land where no one had lived before they had to rely on what they could grow and find around them. As the names indicate, a good meal, a find of banana trees, a suitable place to grow crops was never far from their minds, and worth commemorating.

The colonists adapted, as they had to, to the demands of living on islands in a tropical sea 1,000 miles from anywhere. They had to feed not only themselves but also the Indian-bound trading ships. It was not always a hard job. The islands are rich, fertile places. There were fish for the taking, lobster and crab, tropical fruits and vegetables, ocean birds with eggs, and, in the early years at least, vast numbers of lumbering sea turtles.

African slaves brought their own tastes and preferences. They grew yam, cassava, breadfruit and chillies; they dried fish, and developed a liking for the succulent, puppy-sized Seychelles fruit-bat. Indian traders implanted their own culinary traditions – curries and chutneys, spices and coconut milk sauces, while Arab seafarers and Chinese merchants made their contributions.

And what of the British, who ruled in the Seychelles longer than anyone else? You will not find any beaches named after Melton Mowbray or Stilton, but in the tiny, tin-roofed Seychelles capital of Victoria you will find the Sir Selwyn Clarke central market. In the sunny shops and stalls of this unlikely place you will find all the elements – French, African, Indian, Arab, Chinese and even English – that go to make up that most heterogeneous of food styles, Creole cooking.

For most of the 70,000 Seychellois who

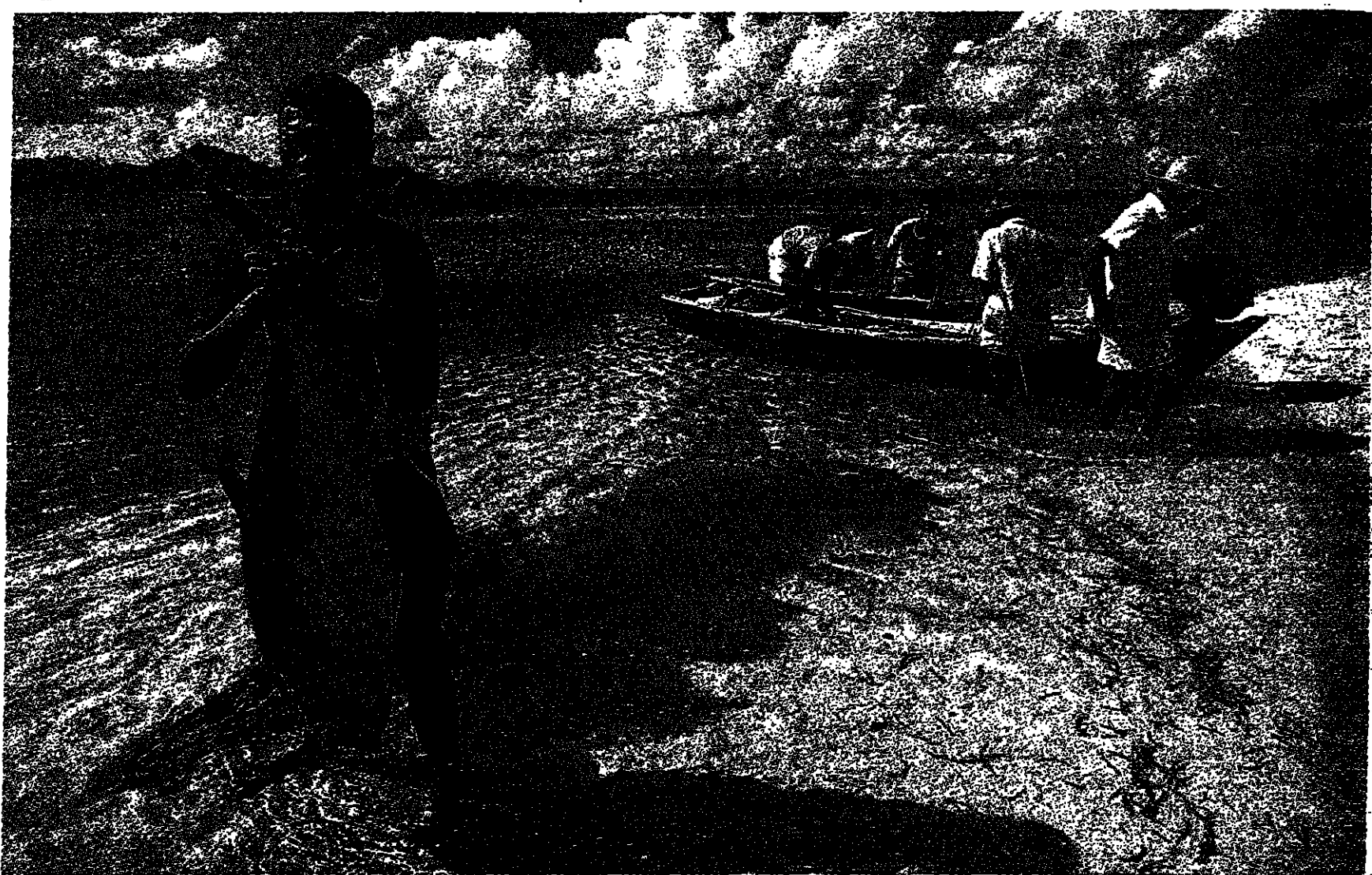
live scattered over more than 500,000 square miles of ocean, Creole cooking is a daily affair. It is not a speciality they consciously set out to create. It is as spontaneous a part of them as their Creole language or the mingling of the many bloods that make up Creole people. Louisiana, Guadeloupe, Guiana, Martinique, Mauritius, Reunion – wherever warm ocean water, an imported black population and the French colonial way of life met, there a kind of Creole cooking emerged.

It is one evening from the crowded streets of the Victoria market you follow trails of drying blood-spots along the road and out into the green hillsides beyond town, you are not likely to stumble over some Somerset Maugham-style murder; you will come upon men trudging home from work after having made a short shopping trip to the market. From a length of string looped through its gills they will be carrying a fine red snapper, a fat mackerel, or maybe a small silvery barracuda. On almost every night of the week, this is how Seychelles husbands bring the bacon home.

Lost in a bright blue sea, it is not surprising that the Seychellois have made fish the base of their diet. A Creole family may kill the occasional chicken on Sunday, or splash out on a goat on special occasions. But fish, spiced and grilled on a fire or curried over a kerosene stove, is a normal end to a normal day. If that sounds a little dull, you must have a talk with Christianne Joubert.

Christianne, whose ancestors came to the Seychelles from Madagascar as slaves, grew up with eight brothers and sisters. There was not a lot of money about, but from the sea and the fields on their island home of Praslin her mother provided meals that Christianne still remembers with delight. I asked her some favourites of Creole family cooking: topping the list were coconut-milk-simmered fish served with a puree of banana, octopus curry, breadfruit baked in its skin, manioc drenched in a fiery chutney of shark meat, garlic, ginger and chillies, and sweet potatoes boiled into a moist cake with coconut meat and sugar.

Christianne reproduces her mother's



Bountiful seas: the Seychellois reap a rich harvest from more than 500,000 square miles of ocean

meals for diners at Praslin's elegant L'Archipel Hotel. Along with these dishes, the centrepiece of the Creole buffet is a large red snapper baked in banana leaves and served with a piquant sauce *rougaille* – onions, tomatoes, ginger, garlic and the ever-present chilli pepper. Accompanied by salads of papaya and green mango, and by local specialties that the average Seychellois family cannot usually afford – smoked marlin and palm hearts – this is a feast that even L'Archipel's discerning French clientele talk about at home.

But the French are not the only ones to rave about Creole cooking. The US ambassador to the Seychelles will be sad when he goes home. He swears that the fresh tuna steaks served on tiny Round Island, two miles over the water from Victoria, are indisputably the best in the world. I pressed Paul Calais, who with his

brother, sister and parents runs the Chez Gabry restaurant there, for the recipe of his mother's tuna steak marinade. The ambassador is right; Chez Gabry's tuna steak is worth causing an international incident over; it has to do with the freshness of the fish, but also with that marinade. All my efforts were skillfully deflected: this is the best kept secret in the Seychelles.

I did manage to drag out of Paul one of the islands' culinary secrets. This used to be home to one of the largest populations of sea turtles in the world. Extraordinary creatures, they are heavy and awkward on land but swift and graceful in their own element. Underwater, the Hawksbill turtle has been clocked at more than 30 miles an hour. Unfortunately its cousin, the Green turtle, has a reputation for taste rather than speed. So sought after were they that they have almost been wiped out.

How were these animals eaten, I was curious to know. Using just a little imagination, one can visualise it – the turtle was meat, cooking oil and pot all in one. Once the turtle had been killed and removed from its shell, the fat remaining on the shell's interior melted and rolled down to the centre of what became, in effect, a giant wok. To the hot oil was added turtle meat, spices, rice, palm hearts, and fresh vegetables. Lifted out of the fire, the shell then became a serving dish as well. It is, say those who have eaten it, a heavenly delight.

Turtle fried rice is a highly illicit speciality these days, and every meal takes the Green turtle closer to extinction. When Islanders crave some delicacy from the past, they are encouraged rather to feast on the eggs of the sooty tern, a bird that

flocks in the millions. This too is a somewhat special experience. So much of the tern's diet comes from the sea that its eggs have a crab-like flavour – an omelette of tern eggs is like having a sea-food omelette without having to add the sea-food.

But sea turtles and sooty terns are hardly necessary to excite the palates of visitors to the Seychelles – a regular meal in a Creole restaurant is as deliciously exotic as anyone could wish. After a Sunday tuna steak lunch at Chez Gabry most people are loath indeed to board the little island ferry and head across the water for home. I certainly was, and not just because I was thwarted over a marinade recipe. But I do wish that before he departs to Washington a certain American would exercise his finest diplomatic talents on Round Island – the world needs the best kept secret in the Seychelles.

A union with a special pull

IT IS 11am in the Long Hall bar in South George's Street, Dublin. The copper behind the counter is gleaming, the big mirrors freshly polished, the bottles neatly arranged on their shelves, labels facing out.

The heavy, stained-glassed door opens. An elderly gent with a slightly ruddy complexion enters. In spite of the mid-summer weather he is wearing a thick coat.

There is a green trolley by his head. He goes to a small copper-topped table in the corner, treating the barman to only a cursory glance. The Irish Field is pulled from the coat pocket.

Minutes go by. The barman comes from behind the counter and sets a pint of stout on the table. No word from my friend, who is absorbed in picking a few winners. More minutes elapse. The pint goes through its settling process, turning from a sandy, cloudy colour to jet black, topped by a clerical collar of cream.

The man gently puts down his paper. His lips are licked. A crabby hand reaches forward and folds the pint in a robot's grip. Glass is raised and a long draught consumed. Glass is replaced on table. Back of arm delicately wipes cream from lips. A long sigh.

"Not a bad day, James," says the man to the barman. "The first drink of the day has been taken. Social intercourse can begin."

What makes Dublin's bars – a few of them in particular – so special, such civilised places to have a drink? Why does it take forever in a London pub to be served when in Dublin,



night, an order is taken and a drink appears in no time? Why are you always given a fresh glass in an Irish bar, but rarely in an English one?

The answer is the union: the Irish National Union of Publicans, Grocers' and Allied Trades Assistants to be precise. The union boasts that its bar-staff members are the only properly trained behind-the-counter people in the world. Of Dublin's 580 bars, nearly 400 are unionised, run by men in white shirts and ties who have been schooled in their trade.

James Kennedy has been a barman for more than 30 years, a good slice of that in The Long Hall. "When I started a barman had to do five years' apprenticeship. In those days we used to have to learn how to rack and bottle the whiskey, cork the stout in bottles out of barrels and do all the labelling. Now the trade is much less complicated."

Nevertheless, there is still a three-year apprenticeship for barmen (there are very few women in the trade).

plaque in the union's cavernous but dusty HQ in Parnell Square in Dublin lists the barman who died fighting British rule.

Aidan McCormack, the union secretary, says that though some of the bigger bars in Dublin rely on casual, untrained labour, union barmen are still much sought after.

"We get requests from Germany, from the US and from England for our bar staff," says McCormack. "In London they just say to throw drinks at you any old way. That just wouldn't happen here."

Sadly, good bar-keeping does not seem to have spread far outside Dublin. Unlike many English country pubs, rural Ireland's mostly family-run bars are cold, unwelcoming establishments. A decline in population, particularly in western parts, means that too many bars are chasing too little business. In the town of Ballaghaderreen in County Roscommon there are 32 bars, a hotel and an off-licence catering to a population of 1,400.

Back in Dublin, it is important to pick your time for maximum drinking pleasure. Anytime after 7pm and all the city's growing young population seem to take over the bars. Go, instead, in the late morning or early evening. The man with the Irish Field will be in the corner.

A few Dublin bars worth a visit: The Long Hall, South Great George's St; Ryans, Parkgate St; Doherty and Nesbitts, Lower Baginot St; Toners, Lower Baginot St.

The way to a woman's heart

Cookery

ANY YOUNG couples today are good about sharing. It is no longer unusual for both man and wife to work and for both to take their turn at mopping, house-keeping and cooking.

However, men past the age of 50 tend to be less versatile. It is not that they expect their wives to welcome them home like spaniels each evening. Nor that they will not, occasionally at least, roll up their sleeves and do the washing up. It is just that, poor protected things, their knowledge of the kitchen probably began and ended when, as young master of the house, they were allowed to clean out the cake-mixing bowl.

Be that as it may, I think that every man, irrespective of age, ought to have a few recipes up his sleeve. That way he can fend for himself when need be, just as important, he can give his wife the occasional night off.

Restaurant treats are lovely, of course, but every now and again dining in without having to be responsible for the meal appeals to the lady of the house and avoids those contentious discussions about who will drink and who will drive.

A wisely night off kitchen duties means just that. She should be freed not only of cooking but also of menu planning, shopping and clearing up. Brownie points will be deducted, and the whole object of the exercise defeated, if the kitchen next day looks as though a battle has raged through it and half the pans are burnt.

Elegant and impressive meals are, I am convinced, well within the grasp of the novice cook. The key to success lies in choosing dishes that are

clients, not those that demand a fireworks display of culinary skills, juggling with a battery of pans and complex timings. The fish dish given below is an excellent example of the uncomplicated cook would be wise to choose. A pure and lovely treat, it is tailor-made for a solo bachelor supper or dining *a deux* (but it is impractical for large numbers).

It makes even more sense for beginners than for experienced efforts to concentrate their efforts on getting the main course dish absolutely right, and to rely on good food producers for the rest.

The first course is an obvious one to buy in. No amount of clever cooking can improve on such things as caviare, oysters, smoked salmon or potted shrimps served pure and simple.

More cheaply and not too ardently, dinner might begin with a cook-ahead vegetable dish – globe artichoke vinaigrette or avocado with watercress sauce (the stone cavities filled with watercress leaves and vinaigrette whisked to a green-flecked puree).

Cheese and fruit provide a classic finish but for a celebratory twosome you will want something less obvious than apples and farm-made Cheddar, good though they may be.

cheese from the Fromagerie Soréda in Périgord. It comes in four versions: coated with a dusting of ash, paprika, coarsely ground black pepper, or, best of all, tarragon leaves. A cone shape, couched on pastel paper leaves, this cheese looks as pretty as it is delicious.

Partner the cheese with a basket of muscat grapes, juicy ripe pears or other complementary fruits, and serve them with warm water biscuits or oatcakes. Warming the biscuits (simply spread them on a baking tray and slip them into a low oven for 10 minutes or so before serving) is a small detail, perhaps, but finishing touches make all the difference, create an impression of finesse and caring – and earn the cook a reputation for style.

SIMPLE SOLE

For each person you will need one fine, fresh but not-too-large Dover or lemon sole and a pair of dinner plates.

Rub the centre of both plates lavishly with butter. Lay the fish on one of the plates. Season it with sea salt and coarsely ground pepper, and a good squeeze of lemon or lime and a few sprigs of parsley or other herb. Put the second plate on top. The rims should touch all the way round, sealing the fish. Chop off the head and tail of the fish as

sandwich" in the same way. Cooking can be done while you eat the first course but it makes sense to select your pans in advance. Each fish sandwich will need a pan slightly smaller in diameter than the dinner plates, so the sandwich can sit safely on top of the pan.

Half-fill the pans with water and bring to a fast boil. Place one fish sandwich on top of each pan and cook at a fast simmer for 12-15 minutes until the soles are delicately cooked in their sealed containers, heated by the rising steam.

Wearing oven mitts to protect against burning, remove the sandwiches from the pans. Lift off the top plate and replace the tired sprigs of herbs with fresh chopped ones. Add wedges of lemon or lime and serve with plenty of good bread. Vegetables are unnecessary.

Philippa Davenport

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TELEVISION

SATURDAY

| BBC1 | BBC2 | LWT | CHANNEL4 | REGIONS |
|---|---|---|---|--|
| 7.05 Open University. 7.30 Pinocchio. 7.50 K... 8.15 The 5.15 from Manchester. 10.32 Weather. | 8.50 Open University. 3.10 Mahabharat. (English subtitles). 3.50 Horatio. Britain has one of the worst heart attack records in the world, largely due to poor eating habits. 4.40 Cricket. England v West Indies. Further coverage of the third day's play in the Fifth Test from the Oval. 6.35 The Shadow. Sergeant Sarah Mickelwright of the Merseyside Police and Brigadiere Luciano Pascolini of the Genoa carabinieri shadow each other in their work and learn some interesting lessons. 7.05 News and Sport. Weather. 7.20 The Dennis Mitchell Season. The entertainer. A rowdy insight into the daily lives of the singers, writers, strippers and other clubland entertainers sharing a room in a Northern city. This 1985 documentary was the first to be made entirely on videotape and was originally banned by the ITA for ten months. 8.15 Carnegie Hall: Live at 100. High- lights of the centennial concert in celebration of New York's most famous concert hall. The line-up includes singers Jessye Norman and Marilyn Horne, pianist Alfred Brendel, violinist Itzhak Perlman and Isaac Stern, violist Pinchas Zuk- erman, cellist Yo-Yo Ma and the New York Philharmonic, con- ducted by Zubin Mehta and James Levine. 9.50 Alan Clark's Season. The Firm, by Alan Clark. Sex is an estate agent, with an apparently respectable family life. But he is also a foot- ball hooligan, determined to lead a national 'firm' in an assault on Europe. A look at the roots of violence. Starring Gary Oldman, Lesley Manville and Philip Davis. Last in series. 11.00 Golf: US PGA Championship. Live coverage of the third round from Indianapolis, introduced by Steve Rider. 12.35 am Cricket (highlights of the third day's play in the final Test at the Oval.) Introduced by Richie Ben- son. 12.55 Weather. 1.00 Close. | 8.00 TV-am. 8.25 Ghost Train. 11.30 A Beetle Called Derek. 12.00 The ITV Chart Show. 1.05 ITN News. Weather. 1.05 LWT News and Weather. 1.10 International Yacht Racing: Admi- ral's Cup. 1.40 International Rugby Union. Aus- tralia v New Zealand, from Syd- ney. Commentator John Taylor with the former Australian inter- national forward Bill Calcutt. 2.35 World Sport Special. 3.05 Film: OSS 117 Double Agent. Thriller. Starring John Gavin and Margaret Lee (1958). 5.05 ITN News. Weather. 5.05 LWT News and Weather. 5.15 Film: High School USA. Teenage drama. Starring Michael J. Fox and Nancy McKoon (TVN 1983). 7.00 Through the Keyhole. 7.30 The Two of Us. 8.00 Film: Ruth Rendell Mystery Movie: An Unkindness of Ravens. The mysterious disappearance of a kingmaker's parent touches on Wexford's personal and pro- fessional life. Starring George Baker, Christopher Ravenscroft and Diane Keen. 10.00 ITN News and Sport. Weather. 10.15 LWT News. 10.20 Richard Dancow. 10.50 Film: Ricky and Pete. Movie premiers about a social misfit and his sister who run away to a remote village. Comedy starring Stephen Kearney and Nina Lan- dis (1988). 12.50 Constance Francis: A Legend in Concert. ITN News Headlines. 1.50 Shogun Beat 2.20 Film: The House of the Yellow Carpenter. Psychological thriller starring Erland Josephson and Beatrice Roman (1985). ITN News Headlines. 3.55 Wrestling. 4.55 The Hit Man and Her | 8.00 Early Morning. 8.25 Sing and Swing. 8.30 A Century of Childhood. 10.30 Check Out '91. 10.30 Weather Train. 11.00 Australian Rules Football. 11.30 pm The Munters. 1.00 Film: We are Not Alone. A mar- ried man having an affair is accused of murdering his wife. Starring Paul Muni and Jane Bryen (1939). 3.05 Channel 4 Racing from Newmarket. Including the 3.15 Dickens Invitation Stakes (Ld H'cap). 3.45 Fay, Richy and Sweet. 4.00 Stakes. 4.20 Brierley New Zealand Handicap Stakes. 4.50 Wel- lington Maiden Stakes. Introduced by John Francombe. 5.10 Brookside. 6.30 Cycling: The Kellogg's Tour of Britain. Stage 5: Liverpool to Leeds. The last day - 126 miles including five climbs. Presented by Ray Stubbs with commentary by Phil Liggett and Paul Sherwen. 7.00 The World This Week. 8.00 Kingdoms of the East. Battle of the Blon Forest, Visiting Poland, home of the last European bison as well as many animals com- mon before the advent of modern man. Narrated by Andrew Sachs. Previously shown on ITV. 9.00 Film: Le Souffle au Coeur. Sensitive and truthful study of the pains and pleasures of adoles- cence. Starring Lora Massari and Benot Farreux (1971). (English subtitles). 11.15 As It Happens. Andy Kershaw visits Kuwait to assess the coun- try's recovery a year after the Iraqi invasion, talking to Kuwaitis about the occupation and libera- tion. 12.45 Manhattan Cable. 1.30 The Oprah Winfrey Show. 2.20 Close. | ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:- ANGLIA. 1.05 Anglia News and Weather. 1.10 National Aerobics Championships. 3.15 Red River. (1985). 5.05 Anglia News. Sport and Weather. 5.05 Hands of a Murderer (1980). BORDER. 1.05 Border News. 1.10 CJA. 2.35 The Suk Road. 3.35 Three's a Crowd. (TVN 1989). 5.05 Border News. 5.10 The Amateur. (1981). CENTRAL. 1.05 Central News. 1.10 World Sport Special. 2.35 The Spectacular World of Guinness Records. 3.00 Boy on a Dolphin. (1957). 5.05 Central News. 5.10 Haver Street. (1978). CHANNEL. 1.05 Daily Dates. 2.35 The Life and Times of Grizy Adams. 3.30 Girls at Sea. (1959). 5.05 Channel News. GRAMP. 1.05 Grampian News and Weather. 1.10 Le Duch. 1.15 Beattie's Franchise. 2.35 Corne- lion Street. 3.30 The Hammer's Nest. (1955). 4.45 Scotchman Remains. 5.10 Grampian Headlines. 5.10 Grampian. 10.30 The Amateur. (1981). GRAMP. 1.05 Grampian News. 1.10 The Spectacular World of Guinness Records. 2.35 Hard Time on Planet Earth. 3.30 Red Mountain. (1951). 5.05 Grampian News. ITV. 1.05 ITV News. 1.10 World Sport Special. 2.35 The Life and Times of Grizy Adams. 3.30 Girls at Sea. (1959). 5.05 ITV News and Weather. 1.05 Scotland Today. 1.10 Scottish Action for Youth. 2.35 The Munters Today. 3.05 The Big Tree. (1930). 4.45 Scotchman Remains. 5.05 Scotland Today and Weather. 10.15 Scottish Weather. 1.05 TSW News and Weather. 2.35 The South West Week. 3.05 OSS 117 Double Agent. (1958). 1.05 TSW News and Weather. 10.15 TSW Weather. 10.15 The Amateur. (1981). 1.05 TSW News and Weather. 2.35 The Life and Times of Grizy Adams. 3.30 Girls at Sea. (1959). 5.05 TSW News and Weather. TIME. 1.05 Regional News. 1.10 World Sport Special. 2.35 The Life and Times of Grizy Adams. 3.30 Girls at Sea. (1959). 5.05 Time News. 10.15 Northern Life. 10.30 The Amateur. (1981). ULSTER. 1.05 Ulster News and Weather. 1.10 The National Aerobics Championships. 2.35 The Spectacular World of Guinness Records. 3.05 OSS 117 Double Agent. (1958). 5.05 Ulster News and Weather. 10.15 Ulster News. 10.15 Ulster News and Weather. 10.15 The Amateur. (1981). 1.05 Calendar News and Weather. 1.10 Soccer in the Seventies. 2.35 Disney's The Prince and the Pauper. (1962). 4.50 Cartoon Time. 5.05 Calendar News and Weather. 10.15 Hands of a Murderer. (1980). S4C Wales on Channel 4 except:- 8.25 Slot Sadw. 12.30 International Athletics. 12.30 The Crystal. 12.30 Newportion. 7.10 Eisteddfod Genedlaethol Ffrwdol Cymru. |

SUNDAY

| BBC1 | BBC2 | LWT | CHANNEL4 | REGIONS |
|---|---|---|---|--|
| 6.45 Open University. 8.50 Interval. 8.55 Play- back. 9.00 Sunday. 10.00 Country File. 10.25 Weather for Farmers. 10.30 See Hear. | 8.55 Open University. 12.00 One in Four. 12.30 pm Holiday Outings. 12.40 Sunday Grandstand introduced by Bob Wilson. Including 12.45 Motor Racing from Budapest. Murray Walker and James Hunt commentate on the whole of the Hungarian Grand Prix. 3.00 Test Match Cricket from the Oval: England v West Indies in the Fifth Test. 3.40 Racing from Leopard- stown: The Phoenix Stakes. With commentary by Tony O'Hehir. 3.50 Horse Trials from Gatcombe Park. The British Open Cham- pionship. 4.45 Cricket: Live coverage from The Oval. Times may vary. 6.30 One Man and his Dog. The Inter- national Sheepdog Cham- pionship. Phil Orabbe introduces the first semi-final between Colin Gordon with Meg and John McSwiggan with Moss. 7.15 Natural World. The Great Rift: Out of the Ashes. Clouds of ash from the Maat Mountain of God drift over the Rift Valley, creating Africa's Serengeti plains. Nar- rated by Andrew Sachs. 8.10 Redemption Song. Stuart Hall concludes his exploration of the diverse cultures of the Caribbean by visiting his 100-year-old aunt, Geraldine Hall, who still teaches maths in a hut behind her house as she has done for the last 80 years. The final stage of his per- sonal search also takes him from the illegal ganja fields in Trinidad to an overgrown estate now owned by Eartha Kitt where his mother lived. 9.00 John Sessions' Tall Tales. Don Juan in Cornwall. In his own one-man play the star of Whose Line is it Anyway? portrays an aging, lecherous man who searches for pleasures of the flesh. 9.25 Hungarian Grand Prix (highlights from today's race in Budapest with commentary from Murray Walker and James Hunt). 10.15 Golf: US PGA Championship from Indianapolis, Indiana. The final round, introduced by Steve Rider. 12.00 Cricket (highlights of the fourth day's play in the final Test at the Oval). 12.35 Close. | 8.00 TV-am. 8.25 Fairy Tales. 10.45 Link. 11.00 Morning. 11.30 The 11.00. 11.30 Remember with Sylvia Sims. 12.25 pm Way of the Lakes. 12.55 LWT News and Weather. 1.00 ITN News. Weather. 1.10 Breadline Britain. Examining how changes in the labour market have affected the poor, and how the Eighties have seen a growing divide between those with, and those without, skills and qualifica- tions. 1.40 Katts and Dog. 2.15 Cartoon Time. 2.30 Film: Harem. Adventure. Starring Nancy Travis and Art Malik with Omar Sharif, Ava Gardner, Charles Luntz. 6.35 City Safari. Could London become a Noah's ark for animals fleeing the ravages of modern agriculture in the countryside? 6.05 ITN News. Weather. 6.10 LWT News and Weather. 6.15 Faith in the Future. 7.15 Watchings. 7.45 Great Expectations. Pip attends Mrs Gargery's funeral and is startled by the re-appearance of Magwitch, who threatens to dis- rupt his whole life. Starring Anthony Hopkins, Anthony Cal- ton and Kim Thompson. 8.45 ITN News. Weather. 9.00 LWT News. 9.05 The Man Who Lived at the Ritz. Starring Perry King, Maryann D'Abbo, Josh Ackland, Leslie Caron and David McCallum. 10.55 Sex Now. To Have and To Hold. 11.25 The River Thames. The story of how the Upper Thames became a playground for the upper crust in the Victorian era. 11.55 The ITV Chart Show. ITN News Headlines. 12.55 New Music. 1.55 Hodson Confidential. 2.25 Police Precinct. ITN News Head- lines. 3.25 Film: Raffles. The adventures of a gentleman thief. Starring David Niven and Olivia de Havilland (1935). 4.45 Spectacular Sportsloppers and Fab Fouts. 5.05 The Magic Wok. | 8.00 Early Morning. 8.25 The Sword of Tipu Sultan. 10.00 The 10.00. 10.30 Dennis. 11.00 Open TV. 11.30 The Lone Ranger. 12.00 The Watsons. 1.00 Voyage to the Bottom of the Sea. 2.00 Film: Anthony Adverse. The adventures of an ambitious young man in early 19th century Amer- ica. Starring Fredric March and Olivia de Havilland (1936). 4.35 The Three Stooges. 4.55 News Summary. Weather. 5.00 Family Pride. 5.30 Cycling: The Kellogg's Tour of Britain 1991 (highlights). 6.00 Channel 4 Racing International featuring the Prix Jacques Le Marois from Deauville, France, and the Heinz 57 Phoenix Stakes from Leopardstown, Ireland. 6.30 The Cosby Show. 7.00 Equinox. Looking at the revolu- tionary technology used in the Desert Storm operation of the Gulf War. 8.00 By Herself. 8.30 Intimate Letters. Exploring the friendship and religious under- standing between Helen Joseph, a South African political activist, and Sister Angela, a contempla- tive nun and former sculptor. 9.30 Go Fishing. 10.00 Film: Ladder of Swords. A second-rate circus act is stranded in a remote moorland lay-by waiting for a telephone call that will summon them to an exotic tour of Europe. Drama starring Martin Shaw, Eleanor David and Bob Peak (1988). 11.55 The Street. 12.20 Fathers and Sons (the final episode). 3.00 Close. | ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:- ANGLIA. 12.00 News. 12.30 Farming Diary. 12.55 Anglia News. 1.10 Anglia News. 1.10 Yacht Racing: Admiral's Cup. 3.00 The Spectacular World of Guinness Records. 3.25 Scott of the Antarctic. 5.05 Calendar News. 5.10 Hot Money. BORDER. 12.00 An Invitation to Remember. 12.30 Gardening Time. 12.55 Border News. 1.10 Who's the Boss? 1.40 Doctor in Distress. 3.35 Highway to Heaven. 4.30 Great British Isles. 5.05 Scotch- man Remains. 5.10 Fraser. Clive C. C. C. CENTRAL. 12.00 An Invitation to Remember. 12.30 Reflec- tions. 12.55 Central News. 1.10 An Englishman's Home. 1.55 The Count of Monte Cristo. 2.55 Doctor in Dis- tress. 4.45 Cartoon Time. 5.05 The Spectacular World of Guinness Records. 5.25 Hailstorm. 6.10 Calendar News. 6.15 The Human Factor. CHANNEL. 12.00 Young Up Front. 12.55 Granada News Headlines. 1.10 The Wonderful World of Disney. 2.00 Santa Barbara. 2.50 New Candid Camera. 3.20 The Old Man and the Sea. 5.10 Calendar News. 6.10 Granada News. ITV. 12.00 The Entertainers. 12.30 West Country Farming. 12.55 ITV News. 1.10 Heidi. 2.00 Looking Back. 2.30 ITV News. 3.00 Faces in the Dark. 4.35 Something to Treasure. 5.05 Admiral's Cup. 5.30 The Munters Today. 6.10 ITV News. 11.25 Katts and Dog. 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